SASKATCHEWAN

Report of the Provincial Auditor

to the Legislative Assembly
of Saskatchewan

2003 Report
Volume 1

Provincial Auditor Saskatchewan

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Vision

We envision effective, open, and accountable government.

Mission

We serve the people of Saskatchewan through the Legislative Assembly by fostering excellence in public sector management and accountability.

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May 20, 2003

The Honourable P. Myron Kowalsky
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my *2003 Report – Volume 1*, to be laid before the Legislative Assembly in accordance with the provisions of Section 14.1 of *The Provincial Auditor Act*.

Respectfully yours,

Fred Wendel, CMA, CA
Provincial Auditor

/dd

103-05060/

Our 2003 Reports

In 2003, our Office issued three other public reports to the Legislative Assembly. Following is a list of those reports. If you wish to obtain copies of these reports, or wish to discuss or receive presentations on the contents of any of these reports, please:

- visit our website at:
  http://www.auditor.sk.ca/
- contact our Office by Internet e-mail at:
  info@auditor.sk.ca
- write, phone, or fax us at:

Provincial Auditor Saskatchewan
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Our Reports:

- *Report to the Standing Committee on Crown Corporations Regarding Disclosure of payee information by CIC Crown corporations and related entities: February 2003*;
- *Report to the Legislative Assembly of Saskatchewan on the 2002 Financial Statements of CIC Crown Corporations and Related Entities : April 2003*; and
- *Report to the Legislative Assembly of Saskatchewan on the Financial Statements of Crown Agencies for Years Ending in the 2002 Calendar Year: April 2003.*

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Introduction

My Office fosters well-managed government and encourages meaningful reporting by government. We do this by focusing our audits on how government agencies manage their risks and on the quality of their public reports. We then report the results of our work to the Legislative Assembly.

At March 31, 2003, the Government delivered its programs and services through nearly 300 agencies. These agencies include departments, Crown corporations, authorities, boards, commissions, and special purpose funds. Appendix 2 of this report lists these agencies. Since our 2002 Fall Report, my Office focussed most of its work on agencies that have a December 31, 2002 year-end.

For the most part, the 150 agencies covered by this report have adequate practices to manage the risks to public resources. That is, the agencies have sound practices to safeguard their assets and have complied with the laws governing their operations. Also, the agencies have published reliable financial statements. However, serious problems exist at some agencies and changes are required.

Many government agencies continue to gradually improve their public accountability. Some agencies have made significant progress. Others have announced their plans for future improvements.

In this chapter, I highlight several agencies covered in this report under two headings: risk management and government accountability. I also present the main points for each chapter of this report following these observations to provide an overall summary of the report.

Risk management

In this report, my Office continues to focus on how government agencies manage risks related to the key forces and trends that affect them. Managing these risks is critical to effective delivery of government programs and services. The key forces and trends affecting the Government include population changes, advancing technology, economic constraints, globalization, and pressure on the environment.

Government agencies that are well managed have good governance practices. They have a clear plan of what they want to do, they determine the risks that may prevent them from carrying out their plan, and they have strategies to reduce their risks. They also monitor their progress in achieving their plan.

In addition, well-managed agencies tell legislators and the public what they plan to do and how much it should cost. They then report what they actually did and what they spent. Having to answer for what they planned to do and what they actually did improves how government agencies manage public resources.

Under the headings population changes and advancing technology, I highlight some of my Office's work on two of the key forces and trends affecting the Government.

Population changes

Saskatchewan faces a potential shortage of skilled workers. This presents a risk for the Government and for the economy as a whole. The Government is also trying to make a more representative workforce by promoting more employment of Aboriginal people. In this section, I discuss some of the ways the Government is managing this risk.

Representative workforce

The Government continues to focus on bringing about a more representative workforce by increasing the number of Aboriginal employees. This goal will also help to alleviate some of the future shortages of skilled workers.

In chapter 5, we report on the work that the Department of Government Relations and Aboriginal Affairs is doing to encourage changes in the workplace that will lead to the hiring of more Aboriginal employees. The Department has good practices for encouraging employers to hire Aboriginal employees. To improve its practices, we recommend that the Department begin to publicly report the results of its activities.

Keeping the services of skilled workers available

Preventing injuries and rehabilitating injured workers helps keep the services of skilled workers available. These activities will help moderate shortages of skilled workers. Preventing injuries also saves money.

The Government keeps the services of skilled workers available by monitoring workplace safety at all employers, providing a safe workplace for its own workers, and ensuring injured workers are rehabilitated and compensated. The Government must manage several risks to accomplish these objectives. It does so through many agencies.

In chapters 2, 7, and 8, we discuss how two health authorities, the Department of Labour (Labour), and the Workers' Compensation Board work to make workplaces safe and how they are rehabilitating and compensating injured workers.

Labour has established good practices for monitoring the work of occupational health committees. Labour uses the minutes of these committees to help monitor workplace safety. Labour is also changing its practices for helping injured workers appeal decisions of the Workers' Compensation Board. Currently, injured workers must wait a long time for help with their appeals. We are planning to audit Labour's new practices in 2003.

The boards of directors of the Regina Qu'Appelle and the Saskatoon Regional Health Authorities need to focus on reducing workplace injuries to care workers. Currently, care workers have an injury record that results in a significant time away from work or permanent disability. In 2001, the injury record in the health industry was worse than that of the construction industry. Over 10% of workers suffer injuries annually at the two regions. Injuries to care workers are a long-term problem. A sustained commitment by the boards, senior managers, care workers, and occupational health committees is essential to reduce the injury rate for care workers.

The Workers' Compensation Board is in the process of improving its system for processing the claims of injured workers for rehabilitation and compensation. The Board expects to complete the changes in 2003. The

Board incurred expenses of $260 million in 2002 for rehabilitation and compensation. We will audit the Board's new practices in 2003.

Advancing technology

Advances in technology have a large impact on infrastructure. Infrastructure includes the computer systems and networks that the Government uses to provide public services. Infrastructure is necessary to deliver government programs.

Developing new computer systems and networks is risky. Large computer systems need careful management to ensure they are delivered on time, on budget, and meet user needs.

In chapters 3 and 6, we report on the development of three computer systems. The Department of Finance developed two systems and the Information Technology Office oversaw the development of one.

Finance developed an accounting system for the revenues, expenses, assets, and liabilities of all departments to improve the information that departments need to manage their affairs. Generally, Finance used good practices to manage the risks to developing this system. However, the business and financial plan for the new system did not include all of the costs. It excluded the costs that other departments would incur in the development of the system. For future system development projects, government agencies should budget for all costs and monitor all of the actual costs.

Finance also developed an accounting system for the Municipal Employees' Pension Commission. The system replaces an old system that carried out this function. Finance did not use good practices for managing the risks to developing this system. We recommend the development of good practices for future projects.

The Information Technology Office is responsible for coordinating the Government's information technology programs. We audited the Office's practices for coordinating development of a system to share water quality information. The system was intended to meet the needs of several agencies and also to provide the public with access to the information.

We found that generally the Office used good practices. However, for future projects, the Office should ensure that it has a single cohesive plan and a structure to coordinate activities for the duration of projects.

Government accountability

My Office continues to focus on improving the Government's accountability to the Legislative Assembly. Six significant events have occurred to improve the Government's accountability since our last report to the Assembly. I discuss these improvements under four headings: Legislative Assembly, Crown Corporations Committee, Cabinet, and Government agencies.

Legislative Assembly

The Legislative Assembly is changing its committee structures. The Assembly is creating four committees. The committees cover the following areas of government activity: human services, the economy, Crown and central agencies, and intergovernmental affairs and infrastructure.

As part of their duties, the new committees are permitted to evaluate the adequacy of the annual reports of the agencies that appear before them. The committees can also use the reports to approve the planned spending of the agencies. When evaluating the adequacy of reports, I encourage each committee to use the guidance provided by CCAF-FCVI[1]. In 2002, it published guidance for preparing good annual reports for the Canadian public sector. In chapter 3, we report that Finance recognized the value of the CCAF-FCVI guidance.

We have recommended that the annual reports of all government agencies should be referred to a committee of the Assembly for review. When the new committee structure is in place, the annual report of each government agency will be permanently referred to one of the four committees. The review of annual reports is necessary to ensure a sound accountability relationship between the Government and the Assembly.

[1] The CCAF-FCVI is a non-profit research and education foundation that supports capacity development for the public sector in the areas of governance, accountability, management, and audit.

Crown Corporations Committee

The Standing Committee on Crown Corporations (Committee) is studying the information that CIC and its related corporations should disclose about persons who receive money from these corporations (payees) and the amounts they receive. My Office has reported the need for these corporations to provide more payee information to the Assembly for many years. However, only recently has the Assembly referred my Office's reports about CIC and its related corporations to the Committee.

In chapter 11, we report that CIC and my Office each made a report to the Committee on February 13, 2003 recommending disclosure practices for payee information for CIC and its related corporations.

CIC recommended that CIC and its related corporations continue with their current payee disclosure practices. CIC argued that disclosing the information that we recommended would impair personal privacy and the economic interests of the corporations and third parties.

My Office recommended that CIC and related corporations provide additional payee information to make them as transparent as other government agencies. We also recommended that the Committee seek the advice of the Information and Privacy Commissioner. We did so because this would help the Committee evaluate CIC's concerns about disclosing additional payee information. The Commissioner is an Officer of the Assembly and a lawyer with expertise in adjudicating the concerns expressed by CIC.

The Committee discussed this matter on March 4, 2003. The Committee asked the Information and Privacy Commissioner for advice about the various alternatives my Office proposed to the Committee. The Commissioner made a report to the Committee dated March 31, 2003. The Commissioner agreed with the recommendation of my Office.

We look forward to the Committee's decision on payee disclosure for CIC and its related corporations.

Cabinet

In the March 2003 Provincial Budget, the Government did two important things that will improve its accountability to the Assembly.

First, the Government published its overall goals and objectives for departments in a document called *Saskatchewan Provincial Budget: Building for the Future: Our Plan for 2003-04*. We have recommended that the Government publish its overall goals and objectives. We commend the Government for this important first step.

Second, the Government announced it will present a summary financial plan for the entire Government as part of the 2004-05 budget package. In October 2002, the Standing Committee on Public Accounts asked the Department of Finance to work with my Office on a summary financial plan. Finance did consult with us and later proposed a model that was conceptually similar to the model that we proposed in Volume 1 of our 2002 Fall Report. We are satisfied with Finance's proposed model. We commend the Government for announcing that it will take this important step to improve accountability.

Government agencies

The Department of Finance issued guidelines for improving annual reports. The guidelines are based on the most current Canadian principles for annual reports of public sector agencies. The guidelines are based on a publication by CCAF-FCVI. We commend the Department for using the CCAF-FCVI principles. We encourage all government agencies to use these guidelines to improve their reports.

CIC and its related corporations continue to make progress with their initiative to improve their annual reports. This initiative is called the "Balanced Scorecard." The Balanced Scorecard is used to evaluate financial performance as well as the achievement of objectives in the areas of innovation and learning, customer satisfaction, and public policy. Corporations publish their performance measures, their expected results for those measures, and their actual results.

Many CIC and related corporations improved their December 31, 2002 annual reports. Several corporations included a chart clearly showing

their performance measures, performance expectations, and actual results. Several corporations included an evaluation of how their corporate governance practices compared to the Toronto Stock Exchange guidelines for publicly traded companies.

In particular, we commend SaskEnergy for its leading disclosure practices in its 2002 annual report. In addition to providing a full report on its 2002 performance, SaskEnergy provided detailed performance targets for 2003 and earnings forecasts for years up to 2007. We encourage all government agencies to use SaskEnergy's report as a guide to improve their reports.

Acknowledgement

The dedicated efforts of the employees of this Office are essential for the continuing achievement of its responsibilities. The knowledge and commitment of our staff make this report possible. A list of staff is set out in the following exhibit.

Exhibit

My colleagues at the Office of the Provincial Auditor for Saskatchewan are:

Ahmad, Mobashar
Anderson, Mark
Atkinson, Brian
Bachelu, Gaylene
Baronowsky, Tricia
Boechler, Danielle
Borys, Angèle
Brezinski, Curtis
Calder, Chantara
Clemett, Tara
Creaser, Phil
DeCorby, Michelle
Deis, Kelly
Dickin, Deann
Duran, Jason
Duran, Joel
Emond, Candice
Federspiel, Angela
Ferguson, Judy
Fysh, Cindy
Grabarczyk, Rod
Harasymchuk, Bill
Hartley, Tyron
Heebner, Melanie
Heffernan, Mike
Huard, Brenda
Hungle, Angie
Jersak, Rodd
Kirchner, Carolyn
Klein, Robin
Knox, Jane
Kress, Jeff
Kuntz, Linda
L'Heureux, Desirée
Lacey, Shana
Lahti, Jay
Lahti, Kami
Lees, Trina
Lowe, Kim
Martens, Andrew
Montgomery, Ed
Nyhus, Glen
Oldershaw, Mark
Ottenbreit, Stacey
Paul, Charlene
Paul, Kent
Rybchuk, Corrine
Schell, Doug
Schiller, Rita
Schwab, Amy
Schwab, Victor
Shorten, Karen
Sommerfeld, Regan
Szaroz, Jennifer
Thomson, Nathan
Tomlin, Heather
Volk, Rosemarie
Walker, Sandra
Watkins, Dawn
Wendel, Leslie
Wilde, Brett

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Chapter 2 – Health

In Chapter 5 of our 2002 Fall Report – Volume 2, we reported the results of our audits of the Department of Health and the related Crown agencies for the year ended March 31, 2002 except for our audit of the Uranium City Hospital (Hospital). We have completed the audit of the Hospital. The Hospital's Board of Governors is responsible to oversee its performance. The Board needs to improve how it directs and monitors the Hospital. For example, the Board needs to approve the Hospital's financial and operational plans and receive better decision-making information from management.

We audited Regina Qu'Appelle and Saskatoon Health Regions to assess whether they used best practices during 2002 to reduce the prevalence of back and shoulder injuries to care staff.

On average, over 10% of workers suffer injuries of all types annually in these two regions. Managers in both regions express concern about injuries to care staff and actively seek solutions. However, during 2002, neither region adequately used best practices to reduce work-related back and shoulder injuries to care staff. We make three recommendations. Boards need to place priority on safety in the workplace. Senior managers need to evaluate the impact on injury rates of current staffing patterns and the use of mechanical aids for positioning patients. Occupational health committees should monitor injury trends and alert senior managers to hazards that have not been fixed.

Effective action requires all participants to take steps to reduce injuries. We encourage staff, managers, and boards of all health regions to do more to reduce injuries in the workplace.

Chapter 3 – Finance

Our chapter for the Department of Finance (Finance) has three parts.

Part A reports the results of our audits of special purpose funds and agencies with years ending December 31, 2002 and the Municipal Employees' Pension Commission (Commission) for the year ended December 31, 2001.

We were unable to form an opinion on the adequacy of the Commission's processes to safeguard its assets. We could not do so because the appointed auditor did not complete its work due to problems with the computer system upgrade. The Commission did not have adequate project management processes to manage the upgrade of its pension computer system. Because of the delays in completing the upgrade, the Commission was unable to prepare financial statements for the year ended December 31, 2001 until February 2003.

Also, the Commission needs to establish processes to review the actuary's work.

Part B reports the results of our audit of the project management processes to manage phase one of the MIDAS system. MIDAS is a new computer system that replaces the Government's central financial and human resources system.

For the most part, we found that Finance had adequate project management processes to implement phase one. We make two recommendations to improve Finance's practices for managing development of the MIDAS system. Finance needs to track and monitor all the project's costs including other departments' costs associated with the MIDAS project. Also, for future phases, Finance needs a written contingency plan to deal with the possibility that the project, or a particular phase of it, is over budget. late, or lacks quality. The project steering committee should approve the contingency plan.

Part C describes the steps taken by Finance to increase the capacity of departments to report results.

Finance has taken several important steps to increase the capacity of departments to report results. In 2003, Finance established a multi-year timetable for improving plans and reports and prepared guidelines for improving annual reports. Finance is also working to establish a web site to share best practices for performance management and reporting. This is good progress.

Chapter 4 – Energy and Mines

In this chapter, we report the results of our audit of the Department and the Oil and Gas Environmental Fund for the year ended March 31, 2002. We found the Fund's financial statements are reliable and the Department had adequate rules and procedures to safeguard and control its assets and the assets of the Fund except for the processes to ensure the accuracy of royalties and taxes due to the Department.

The Department relies on its audits of producers' returns to ensure it assesses and collects all royalties and taxes. In this chapter, we make three recommendations to improve the Department's audit processes. The Department needs to plan its audits better, ensure its auditors are appropriately trained, and improve its practices to supervise its auditors' work.

We also report that the Department complied with authorities except for the payment to NewGrade Energy Inc. that continues to need proper authority.

Chapter 5 – Government Relations and Aboriginal Affairs

In this chapter, we report on a provincial government program whose focus is to build a workforce in Saskatchewan where Aboriginal people are represented at all occupational levels in proportion to their provincial population.

Saskatchewan's youth represents about 15% of Saskatchewan's overall population. One in five Saskatchewan young people is Aboriginal. The proportion of Aboriginal people relative to the entire population is increasing. Yet, Aboriginal people remain under-represented in the Saskatchewan workforce. Employers face the loss of retiring "baby boomers" from the Saskatchewan workforce. This makes it critical that employers get ready to employ Aboriginal people and that Aboriginal people are ready for work.

Through the Aboriginal Employment Development Program, the Department engages employers, unions, and Aboriginal groups within the public and private sector to achieve the common objective of increasing the participation of Aboriginal people in the workforce. Using limited

resources, it coaches and advises these partners on practical ways to reach this common objective. It builds relationships with its partners to help change attitudes toward Aboriginal people and remove barriers within the workplace.

At October 2002, in common with many government programs, the Department needs to improve its reporting on how the program contributed to increased participation of Aboriginal people within the Saskatchewan workforce. In addition, it needs to take steps to ensure the information it reports is consistent and comparable.

We note that after our audit, the Government announced on March 31, 2003 a number of measurable targets that will help the Department evaluate and demonstrate the results of this Program.

Chapter 6 – Information Technology Office

In 2002, the Government responded to the Report of the Commission of Inquiry into the drinking water problems in North Battleford. The Government announced that it would develop a system to share water quality information among government agencies, as well as with the public. The system would be called Saskatchewan Water Information Management, or SWIM.

The Government directed the Information Technology Office (ITO) and other partners with water-related responsibilities to work together to develop SWIM. The ITO's role was to ensure that SWIM met the needs of the partners and provided public access to water quality information.

We wanted to examine whether the ITO had adequate processes to coordinate the development of cross-government information systems. We focused on the ITO's processes to coordinate the development of SWIM. We found that, with the exceptions set out in the recommendations below, the ITO used adequate processes to coordinate the development of the system.

We recommend that in coordinating the development of future information systems, the ITO:

1. Communicate to its partners a single cohesive plan that describes partners' responsibilities and accountability, detailed expectations for development, and detailed benefits that include measurable targets.

2. Work with its partners to establish and maintain a coordination structure for the duration of a project. The coordination structure should include senior-level oversight with representation and commitment from partners and a project manager dedicated to the project.

The ITO and its partners told us that the system—which is nearing completion—will allow public access to water quality information. They told us they have not yet achieved the goal of a fully-integrated system that meets the needs of all the partners.

Chapter 7 – Labour

The Department of Labour administers programs and delivers services that impact Saskatchewan citizens in the workplace. This chapter focuses on two areas that the Department must manage well to achieve its objectives and fulfill its responsibilities.

First, we describe the follow-up of our 2002 audit of the Department's Occupational Health and Safety Division. The Department, through this Division, pursues different programs to help make workplaces safe. Some of these include workplace occupational health committees. Our audit recommended changes in how the Department uses occupational health committee minutes to enforce the role of committees in controlling workplace hazards. Our follow-up assessed the Department's response to our recommendations up to March 2003. The Department has introduced changes that should correct the matters that led to our recommendations.

Second, we describe our planned audit of the Department's processes to assist injured workers who seek help with their claims for compensation from the Workers' Compensation Board. The Department provides this assistance through staff called worker's advocates.

To fulfill its mandate, the Department needs to effectively provide this assistance to workers. If the Department does not, injured workers may not receive timely benefits.

We expect the Department to have processes to:

- develop its capacity to assist workers;
- manage the requests for assistance it receives; and
- monitor its performance and adjust its processes.

We plan to report the results of this audit in Volume 3 of our 2003 Report to the Legislative Assembly.

Chapter 8 – Workers' Compensation Board

In this chapter we report the results of our audit of the Workers' Compensation Board (WCB) and WCB Superannuation Plan (WCB Plan) for the year ended December 31, 2002.

We report that the WCB has significantly improved its public accountability. In 2002, the WCB made public its 2002 – 2004 strategic and operational plans including its goals and objectives, strategies, and actions plans. We commend the WCB for doing so. We also report that for 2002 we did not examine the adequacy of the WCB's new processes to adjust injured workers' claims because its new processes are not yet complete. We will audit these new processes in 2003.

We concluded that the financial statements of the WCB are reliable. We also concluded that the WCB had adequate processes to safeguard its assets. (We did not examine the adequacy of the WCB's processes to adjust injured workers' claims.) Also, the WCB complied with the authorities governing its activities.

In addition, we concluded that the financial statements of the WCB Plan are reliable. However, our audit of the WCB Plan is not yet fully complete because the appointed auditor has not fully completed its audit of the WCB Plan. We will report more fully when our work is completed.

Chapter 9 – Community Resources and Employment

This chapter describes the key risks that Saskatchewan Housing Corporation (SHC) must manage well in order to be successful. The Department of Community Resources and Employment operates SHC. SHC must:

- understand the housing marketplace in order to identify the long-term housing needs of Saskatchewan residents;
- manage its resources to deliver its mandate;
- manage its interest rate risk; and
- manage relationships with a variety of partners.

We did this work to help Members of the Legislative Assembly and the public understand and assess the key risks facing SHC. We encourage SHC to report on the risks facing SHC and its strategies to manage those risks.

This chapter also includes the results of our audit of SHC for the year ended December 31, 2002. We concluded that SHC's financial statements are reliable, it had adequate processes to safeguard its assets, and it complied with authorities governing its activities.

Chapter 10 – Pensions

In this chapter, we report the result of our study of the adequacy of governance processes for the Government's 14 pension plans. We studied the governance processes these pension plans used for the period October 1, 2001 to September 30, 2002.

We found that the Government's pension plans need to improve their governance processes. The pension plans recognize that they need to improve their governance processes. About half of those plans have undertaken projects to do so. We make six recommendations to help the pension plans make those improvements. We recommend that the pensions plan boards develop strategic plans, define responsibilities and their operational information needs, develop communication plans, and establish policies for code of conduct and governance self assessment.

Over the next few years, we plan to assess the pension plans' progress toward improving their governance processes.

Chapter 11 – Crown Investments Corporation of Saskatchewan

In this chapter, we report the results of the audits of Crown Investments Corporation of Saskatchewan (CIC) and its related entities for the year ended December 31, 2002.

For CIC and seven of its related entities whose audits are complete, we concluded that the financial statements are reliable; they have adequate systems and practices to safeguard and control their assets; and they have complied with authorities governing their activities.

This chapter also discusses our February 2003 report to the Standing Committee on Crown Corporations regarding *Disclosure of payee information by CIC Crown corporations and related entities*. The CIC Crown corporation sector accounts for 40% of Government spending, yet it provides limited information about its spending compared to the rest of the Government. We want to ensure that public business is made public, unless disclosure impairs personal privacy or the economic interests of the Government or a third party. We provide a suggested process that legislators can use to ensure they receive the information they need to hold the Government accountable.

We recommend that each Crown corporation provide the Legislative Assembly with a list of persons who received money and the amounts they received, unless public disclosure would impair personal privacy or the corporation's or a third party's economic interests. We do not recommend disclosing any information that would impair personal privacy as set out in the law. In the rare instances where public disclosure of the information would impair an economic interest, we recommend that the corporation disclose the information in a private (in camera) meeting of the Crown Corporations Committee. To assist legislators in deciding what information would impair personal privacy or economic interests, we recommend that the Crown Corporations Committee should seek independent legal advice from the Information and Privacy Commissioner.

Chapter 12 – Saskatchewan Water Corporation

In this chapter, we report the results of our audit of Saskatchewan Water Corporation (Sask Water) for the year ended December 31, 2002. We concluded that Sask Water's financial statements are reliable. From our audit of Sask Water's practices to safeguard public resources, we concluded that Sask Water needs to ensure its information technology data is secure. We also found that Sask Water complied with the authorities governing its activities.

In prior years, we recommended that Sask Water improve its annual reports. We are pleased to report that Sask Water significantly improved its annual report for the year ended December 31, 2002.

Chapter 13 – Standing Committee on Crown Corporations

The Standing Committee on Crown Corporations (Committee) reviews the activities, performance, and reports of Crown corporations. During its review, the Committee can inquire about current concerns, future objectives, and past performance. The Committee also reviews significant transactions made by these corporations. Increasingly, the Committee's discussions relate to broader issues including strategic plans, key risks to achieving goals and objectives, and performance measurement. It also reviews chapters of our reports related to the Crown Investments Corporation of Saskatchewan and related corporations.

Through its work and recommendations, the Committee helps the Assembly hold the Government accountable for its management of these corporations. In the exhibit to this chapter, we set out the status of the Committee's outstanding recommendations and indicate whether they are not implemented or partially implemented.

Chapter 14 – Standing Committee on Public Accounts

The Standing Committee on Public Accounts (Committee) is a key agent of change for improving the Government's management of public resources. The Committee reviews the activities, performance, and reports of all government departments, agencies, and Crown corporations included in the public accounts. During its review, the Committee can

inquire about current concerns, future objectives, and past performance. Increasingly, the Committee's discussions relate to broader issues including strategic plans, key risks to achieving goals and objectives, and performance measurement.

Through its work and recommendations, the Committee helps the Legislative Assembly hold the Government accountable for its spending of taxpayers' money and for its stewardship over public assets. The Government has fully implemented 80% of the Committee's recommendations and partially implemented 61% of the remaining recommendations.

In the exhibit to this chapter, we set out the status of the Committee's outstanding recommendations and indicate whether they are not implemented or partially implemented. Where possible, we also indicate the progress made since our 2002 Spring Report.

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Main points

In Chapter 5 of our 2002 Fall Report – Volume 2, we reported the results of our audits of the Department of Health and the related Crown agencies for the year ended March 31, 2002 except for our audit of the Uranium City Hospital (Hospital). We have completed the audit of the Hospital. The Hospital's Board of Governors is responsible to oversee its performance. The Board needs to improve how it directs and monitors the Hospital. For example, the Board needs to approve the Hospital's financial and operational plans and receive better decision-making information from management.

We audited Regina Qu'Appelle and Saskatoon Health Regions to assess whether they used best practices during 2002 to reduce the prevalence of back and shoulder injuries to care staff.

On average, over 10% of workers suffer injuries of all types annually in these two regions. Managers in both regions express concern about injuries to care staff and actively seek solutions. However, during 2002, neither region adequately used best practices to reduce work-related back and shoulder injuries to care staff. We make three recommendations. Boards need to place priority on safety in the workplace. Senior managers need to evaluate the impact on injury rates of current staffing patterns and the use of mechanical aids for positioning patients. Occupational health committees should monitor injury trends and alert senior managers to hazards that have not been fixed.

Effective action requires all participants to take steps to reduce injuries. We encourage staff, managers, and boards of all health regions to do more to reduce injuries in the workplace.

Introduction

The Department of Health's mandate is to protect and improve the health of Saskatchewan people. To do this, the Department provides policy direction, direct services, and funding to health providers and agencies.

In Chapter 5 of our 2002 Fall Report – Volume 2, we reported the results of our audits of the Department of Health and related Crown agencies for the year ended March 31, 2002 except for our audit of the Board of Governors, Uranium City Hospital. This chapter reports the results of our audit of the Hospital.

As well, we report our assessment on whether the Saskatoon and Regina Qu'Appelle regional health authorities used best practices to reduce the prevalence of work-related back and shoulder injuries to care staff.

Reducing injuries to health workers

In Saskatchewan, health care workers in hospitals and long-term care centres are among the five occupations most likely to be injured at work. In 2001, health care workers had more injuries than construction industry workers.[1]

Between 10% and 20% of health workers are injured annually in many long-term care centres, hospitals, and home care services. In a few Saskatchewan health care facilities, up to 32% of health care workers are injured annually.[2] Some facilities achieve injury rates below 5%. Although not all injuries result in time away from work (i.e., time-loss injury), for those that do, each injury on average lasts 32.7 days.[1] Back and shoulder injuries combined account for one third of the time lost from work.[3] Repeat injuries are common.

Many of these injuries stem from lifting and moving patients. Health care workers who most commonly reposition patients are care staff (i.e., attendants, aides, licensed practical nurses, and registered nurses). Injuries are caused by factors related to the environment, equipment, staff, and patients. Most injuries are caused by more than one factor.

[1] Saskatchewan Workers' Compensation Board, *2001 Annual Report.*
[2] Saskatchewan Association of Health Organizations Provincial Incident Reports 2002.
[3] Saskatchewan Workers' Compensation Board, *2001 Statistical Summary.*

About 1,400 incidents resulting in injuries that require medical attention occur in Saskatchewan's two largest health regions every year.[4] Injured workers suffer pain and risk disability. Some injured workers are no longer able to work in health care. Injuries may lead individuals to change careers or retire early.

From a human resources perspective, injuries in health care workplaces mean fewer care staff to provide care. Canada and many other countries already face a shortage of some types of care staff. The further loss of qualified care staff due to workplace injuries is a serious problem. Every year, Canada loses the equivalent of almost 9,000 full-time nursing positions due to injury and illness.[5]

From a legal perspective, all employers in Saskatchewan have a duty to "ensure, insofar as is reasonably practicable, the health, safety and welfare at work of all of the employer's workers" (section 3a *The Occupational Health and Safety Act, 1993*). In practice, employers and managers are responsible to keep the workplace safe. Each worker also is responsible to take actions that protect their own health and contribute to the safety of their co-workers.

The Department of Labour and the Saskatchewan Association of Health Organizations (SAHO) help health care employers to ensure a safe work environment. The Department of Labour is responsible to develop, promote, and enforce standards relating to working conditions that are safe for workers. The Workers' Compensation Board (WCB) designates nine agencies as safety associations for large industries in the province. SAHO is the safety association for the health regions. In that role, SAHO develops programs (e.g., Transfer-Lift-Reposition Program), offers training, collects data, and reports the rate of injuries in each health care facility.

From a financial perspective, neither the Department of Health nor the regions could tell us the total cost of injuries to the health system. However, given the number of injuries, costs are likely high. In Saskatchewan, the Government pays these costs through the health regions and the WCB. In 2001, WCB payments for treatment,

[4] Based on the Workers' Compensation Board's 2001 summary of incidents and injuries provided to the individual health regions.
[5] Canadian Nursing Advisory Committee. *Final Report 2002* ('The burden of the shortage').

rehabilitation, and lost wages were about $6 million per year for the two largest regions. Expenses for sick time, replacement workers, and overtime could be significant.

Health regions pay premiums to the WCB to compensate workers who suffer workplace injuries. Health regions with high injury rates also must pay additional premiums and surcharges to the WCB. In total, the two largest health regions paid the WCB $10.9 million in 2001 and $8.9 million in 2002. The amount fluctuates each year with no clear trends.

During times of staff shortages, the human and financial costs may be higher. Health regions sometimes pay overtime to staff for working extra hours, for example, to replace their injured co-workers. This practice may create a cycle of injuries. Canadian researchers explain that as overtime increases, sick time and the rate of time-loss injuries increases.[6,7] As more staff work overtime, injury rates may increase, staff shortages may become more severe, even more overtime is required, and costs spiral higher.

Background

Health regions must set priorities to manage within the resources allocated to them by the Department of Health. In 1997, the Department began to allocate $1.8 million annually specifically to address workplace safety issues in the health sector in addition to capital funding. For example, the Department gives each of the two largest health regions about $350,000 annually. The Department told us it now includes this money in the health regions' base budgets. Managers use this money for safety facilitators, equipment, training, return to work programs, and improvements related to workplace health.

Health regions must also set priorities in the context of other events in their environment. In 2002, the Government passed *The Regional Health Services Act* to reorganize the boundaries of 32 districts and create 12 health regions. As a result, the Government appointed new members to health region boards. The new regions also re-shaped their management

[6] O'Brien-Pallas, Thomson, et al. (2001 Spring). The economic impact of nurse staffing decisions.
[7] Shamian, O'Brien-Pallas, et al. (2001 October). Effects of job strain, hospital organizational factors individual characteristics on work-related disability among nurses.

teams. In addition, during 2002, health regions coped with an extended job action by various support and therapy staff.

In health regions, managers play critical roles to ensure the safety of their staff and patients. Senior managers authorize policies and strategies to manage risks (e.g., vice-presidents, chief executive officers). General managers authorize spending and monitor standards of care. Unit managers supervise staff, liaise with other care providers, coordinate changes in the environment, and represent their service area on various committees.

This chapter outlines our audit of the use of best practices to reduce work-related back and shoulder injuries in Regina Qu'Appelle Health Region and Saskatoon Health Region. The chapter describes the best practices we expect the health regions to use, our main audit findings, conclusions, and recommendations.

Best practices to reduce injuries

The risk of injury to health care staff is well known. Extensive research from several countries for over 20 years describes practices that work and those that do not. We expect health regions to use best practices to limit the prevalence of back and shoulder injuries to care staff.

The health care environment is busy, noisy, and distracting. Patients are often agitated and may move unexpectedly. In this environment, some injuries are likely to occur. Best practices are essential to reduce the number and severity of those injuries.

The recommendations of the Canadian Centre for Occupational Health and Safety, reports of other auditors, and key variables identified in the research literature influenced the best practices below. These best practices form the basis of our audit (see exhibit).

We confirmed these best practices as reasonable standards for use in well-managed health care agencies with:

- the Canadian Centre for Occupational Health and Safety;

- the Canadian Nurses Association including the Canadian Occupational Health Nurses Association;
- the Department of Labour, Occupational Health and Safety Division; and
- the Saskatchewan Association of Health Organizations, Workplace Health and Safety Services.

The Department of Health, Regina Qu'Appelle Health Region, and Saskatoon Health Region accepted these as best practices.

Exhibit—Best practices to reduce back and shoulder injuries

To demonstrate adequate use of best practices to reduce the prevalence of work-related back and shoulder injuries to care staff, health regions should:

- Provide a work environment that fosters safety and health
  - provide a written program of procedures for moving patients,
  - provide mechanical aids to reduce the risk of injury,
  - provide staffing patterns that support injury reduction, and
  - redesign hazardous tasks and work-areas.
- Educate care staff to reduce risk of injury
  - inform staff of risks and signs and symptoms of injury,
  - teach staff to eliminate hazards or avoid unnecessary risk, and
  - promote actions that minimize risk of back and shoulder injury.
- Show commitment to reduce the prevalence of injuries
  - emphasize safety and injury prevention in the workplace,
  - support injured care staff for a safe/early return to work,
  - monitor compliance with established policies, and
  - monitor agency-wide trends of hazards/incidents/injuries.

Conclusion and recommendations

We concluded that during 2002, the Regina Qu'Appelle Health Region and the Saskatoon Health Region did not adequately use best practices to reduce the prevalence of work-related back and shoulder injuries to care staff.

1. **We recommend that the boards of the Regina Qu'Appelle and Saskatoon Health Regions commit to workplace safety as a priority, and that the boards:**

- set specific targets to reduce work-related injuries to care staff in the short term;
- allocate resources to achieve the targets (e.g., staff or mechanical aids);
- receive frequent reports about injury rates and actions to reduce injuries; and
- hold senior managers accountable to reduce injuries.

2. We recommend that the Regina Qu'Appelle and Saskatoon Health Regions analyze the unit staffing patterns that are associated with high and low injury rates, and implement the lessons learned.

3. We recommend that the occupational health committees of the Regina Qu'Appelle and Saskatoon Health Regions:

- monitor injury trends at least quarterly;
- analyze the causes of injuries in areas with high injury rates at every meeting; and
- make written recommendations to senior management and their board to fix unresolved causes of injuries.

Our audit

The objective of this audit was to assess whether two large health regions adequately used best practices to reduce the prevalence of work-related back and shoulder injuries to care staff. We defined care staff as aides, attendants, licensed practical nurses, and registered nurses. We examined the use of best practices in the Regina Qu'Appelle Health Region and the Saskatoon Health Region during January 1, 2002 to December 31, 2002.

We did not examine practices used in home care services or affiliate agencies not owned by the regions. We did not expect that these new health regions would have integrated policies for all care settings during

2002. We expected that policies would differ among agencies within a region and looked for predominant practices.

We focused on the systems and practices of the former Regina and Saskatoon health districts that were in use in hospitals and long-term care centres owned by these two health regions. Our audit examined practices at the General and Pasqua hospitals, and Wascana Rehabilitation Centre in Regina; and at the City and Royal University hospitals, and Parkridge Centre in Saskatoon.

We examined policies, reports, training programs, and work design including access to mechanical lifts and equipment for positioning patients. In addition, we interviewed key officials including occupational health directors and 16 unit managers. When we found policies or job descriptions relating to workplace safety, we looked for evidence that the region took the actions described.

We considered proposals and plans. However, we did not give these as much weight as practices in use during 2002. We saw several proposals in both health regions that were put forward during 2002, but not implemented by April 2003.

To carry out this audit, we followed the Standards for Assurance Engagements established by The Canadian Institute of Chartered Accountants.

Detailed findings

For each best practice to reduce the prevalence of back and shoulder injuries to care staff (injuries), we set out what we expected in italics, and our audit findings. What we expected includes some highlights of what is required by *The Occupational Health and Safety Act, 1993* and its regulations.

Provide work environments that foster safety and health

We expected health regions to communicate to staff written procedures for lifting and moving patients. We also expected regions to reduce the risk of injury with appropriate mechanical aids, guidelines for staffing patterns, and reasonably prompt design of hazardous tasks and work

areas. The Occupational Health and Safety Regulations and the Labour Standards Act require staffing patterns that allow for rest and recovery, appropriate equipment in good repair, and control of workplace hazards.

Written program communicated

Both health regions had a written program related to lifting and moving patients. The Regina Qu'Appelle Health Region communicates its Back Management Program to staff prior to their first shift of work. In Saskatoon, new staff members learn about the Transfer-Lift-Reposition Program during their first month at work.

The Saskatoon Health Region adopted the Transfer-Lift-Reposition Program in April 2002.[8] The Region plans to phase in the Program as resources allow. By July 2003, the Region expects to introduce the Program to all staff at City Hospital and Parkridge Centre. The Region plans to introduce the Program to Royal University Hospital in late 2003 after it has evaluated the Program's impact.

Lifts and other mechanical aids

In any industry that requires workers to move heavy objects, employers provide equipment to lift objects efficiently and safely. Appropriate equipment makes it possible for workers of any size, shape, or age to move objects without harming the worker or risking damage to the object.

In the health system, the objects most commonly lifted are patients. From the perspective of moving an object, patients are large, heavy, and awkward. In addition, they may jerk or move in unexpected ways. Many factors limit the ways that care staff can lift a patient manually (e.g., the patient's condition, treatment machines near the bed). Without appropriate lifting equipment, care staff may have to bend, twist, pull, and lift all at once. Lack of equipment increases the risk of injury to care staff. It also reduces the safety of patients who are at risk of falling or being dragged across bedding.

Both regions had policies to make maximum use of equipment to help staff. Neither region had a policy to assess equipment needs regularly.

[8] Saskatchewan Association of Health Organizations established the Transfer-Lift-Reposition Program in 1997. The Program is used in many health regions to control workplace hazards and reduce injuries.

The Saskatoon Health Region assessed its equipment needs in 1998 and 2001. The Region's staff has good access to a wide range of mechanical aids to help lift or move patients. Although the supply is limited, each facility had some equipment for patients weighing in excess of 300 pounds. Managers told us that such patients are increasingly common.

The Regina Qu'Appelle Health Region asked its managers to assess required equipment in December 2002. At that time, almost one third of unit managers asked for additional basic equipment to lift or reposition patients. The Region told us that it plans to purchase more mechanical aids and electric beds gradually over several years, beginning in early 2003. The Region rents special equipment when needed for heavier patients.

Regularly checking equipment reduces the risk that it will break while in use. During 2002, neither region had a policy to ensure preventive maintenance of their lifting equipment in acute care settings. Saskatoon Health Region is developing a computerized preventive maintenance system. Long-term care centres in both regions have a program to do quarterly preventive maintenance on lift equipment. Managers told us that both regions repaired broken equipment within 24 hours unless the required parts were not readily available.

Employers are responsible to provide sufficient quality and quantity of mechanical devices in good working order to protect the health and safety of workers.[9] Basic devices such as pivot discs, lifts, slings, and slider sheets provide a mechanical advantage that makes moving easier and safer for the patient and staff. Lifts designed to move heavier patients are also essential for the safety of patients and staff.

Some larger equipment is also highly recommended as basic equipment by industry experts.[10] Electric beds allow care staff to position a patient without straining in awkward positions. Electric beds also allow recovering patients to adjust their own position without help from care staff. In addition, some provinces use overhead lifts extensively.[11] Overhead lifts improve the safety of patients and staff. This is particularly true in

[9] *The Occupational Health and Safety Regulations*—81-3(b) and 470-1(d).
[10] Department of Labour ergonomics expert, British Columbia WCB preventive services expert, attached references and also www.ohsah.bc.ca.
[11] After research and consensus building in 2002, the Workers' Compensation Board of British Columbia gave $6 million to health regions to enhance mechanical aids with particular attention to overhead lifts.

situations where patient care requires many care staff and treatment machines to be near the patient at the same time (e.g., operating room, emergency, intensive care).

Staffing patterns

A staffing pattern refers to the way that managers arrange for staff to provide care for patients around the clock. It includes the number of staff and the staff mix (e.g., attendants, licensed practical nurses, registered nurses). It also includes the duration of regularly scheduled shifts (e.g., 4, 8, or 12 hour shifts), the total hours worked due to overtime, and the total consecutive number of shifts.

Staffing is a two-edged sword for any service-based industry. Various combinations of staff qualifications and hours may improve quality and safety, but may also increase the cost. In the health system, staffing is complex due to a short supply of some types of care staff and the need for specific skills on particular units.

Collective agreements influence staffing patterns. Both Canadian Union of Public Employees (CUPE) and Saskatchewan Union of Nurses (SUN) collective agreements have a workload clause to protect staff from unsafe or excessive workloads. Both collective agreements also have clauses limiting the number of consecutive shifts that the employer may schedule for each employee. In addition, the CUPE agreement requires that CUPE care-staff members with seniority must be the first to be given the opportunity to work overtime regardless of the number of consecutive shifts they have already worked.

Managers in Regina Qu'Appelle Health Region and Saskatoon Health Region told us that they use a master rotation to guide staffing patterns. The master rotation authorizes a set number of staff with various qualifications for each shift. Neither region had a policy to adjust the master rotation periodically in response to the frequency of injuries.

The managers told us they focus on finding the number of staff required for patient care. Staff safety is not specifically considered. Most unit managers told us that they had a limited pool of casual and part-time workers upon whom they could call when regular staff are not available

due to training, vacation, illness, etc. A few units had virtually no backup staff with the required qualifications.

Neither region has a policy for the maximum number of hours nor number of consecutive shifts care staff actually work. Some unit managers told us that care staff often work overtime hours so as not to leave their units short-staffed. Half of the unit managers we interviewed used more overtime hours than they preferred.

Overtime is a staffing practice that leads to fatigue. Fatigue significantly increases the risk of error and injury. Over-tired care staff put their co-workers and patients at serious risk, as well as themselves. Saskatoon City Hospital uses alternative solutions to overtime (e.g., a central pool of relief staff, full-time relief positions shared among units).

Managing staffing in the health system is complex. Sometimes staff shortages mean that the only available alternative to overtime is to close beds by not admitting patients to vacant beds. Both regions told us that they routinely close beds for vacation periods or other known staff shortages. They also close beds occasionally if not enough staff is available for safe patient care. The role of these large regions as referral centres for the most seriously ill patients sometimes limits their ability to close beds.

Redesign of hazardous situations

In both regions, care staff routinely assessed patients' ability to move, but did not consistently record for others the best way to move that patient. Care staff verbally shared best techniques to move patients. Verbal messages about risk are effective only if an informed staff member is always at hand.

Saskatoon Health Region had processes to identify and redesign hazardous tasks. The Region began using a job-safety analysis process in 2001 and redesigned tasks by adding mechanical aids and a teaching program. The Regina Qu'Appelle Health Region told us they use a similar process to redesign tasks and will begin to use job-safety analysis and specific plans for safety in 2003.

Both regions used occupational health committees in each facility to inspect each work area for safety hazards and recommend changes. On these committees, employer and employee members identify a broad range of safety hazards. The committees' workplace inspection reports showed that during 2002 they did not focus their attention on the major causes of injuries. The committees did not give senior managers or the board a list of outstanding hazards on which managers had not yet taken action.

In both regions, the unit managers and their staff initiated the redesign of tasks or work areas identified as hazardous. Unit managers report to general managers who have authority to allocate funds to redesign tasks. Major redesign of work areas requires further approval from senior managers, the board, and sometimes the Department of Health, for example for capital construction. We did not find evidence that managers or occupational health committees regularly monitored action on major concerns.

Both regions had coordinating committees made up of the co-chairs of the occupational health committees in each of their facilities. During 2002, the coordinating committees in each region responded to individual incidents. The regions did not analyze trends and design corrective action to reduce recurring hazards that cause injuries.

Educate care staff to reduce risks

We anticipated that care staff would be educated to reduce the risk of injury. We expected the regions to inform staff of risks, signs, and symptoms of injury and to teach staff ways to eliminate hazards or avoid unnecessary risk. We expected that managers would encourage staff to minimize the risk of injury. The Occupational Health and Safety Regulations require employers to inform staff about risks of injury and to educate them about signs and symptoms that staff should report.

Inform staff of risks and symptoms

Back and shoulder injuries may occur without causing pain. Symptoms may come and go, and often get worse without therapy. Staff should report early warning signs of injury. Neither region routinely informs new staff about the signs and symptoms of back and shoulder injuries in their

orientation program. We saw no reminders about signs of common injuries on the units.

Orientation programs in both regions described risks that may contribute to injuries. In addition, the Occupational Health and Safety Regulations require that managers ensure there is a risk alert close to the risk area. A few units that we examined used a placard near each bed. The placard alerted staff to the risk of injury and told them how to lift that patient. Neither region consistently used this practice, although long-term care units were more likely to use them.

Patient care plans on the acute care units we examined seldom contained information about the appropriate lifting technique. The care staff relied on verbal messages from their co-workers to alert them to the risks in lifting specific patients.

Teach staff to eliminate hazards and avoid unnecessary risk

Both regions use best practices to teach staff to reduce or eliminate hazards. The training programs explain theory in classroom settings, including how to identify and eliminate risks related to lifting patients. Both regions provided adequate supervised practice either in model work units or on the staff member's own work unit. Saskatoon Health Region uses the provincial Transfer-Lift-Reposition Program to educate their staff. The Regina Qu'Appelle Health Region uses a Back Management Program.

Initial training programs for new staff are timely in both regions. We did not find evidence that the regions repeated training sufficiently often to remind all care staff of correct techniques. The Regina Qu'Appelle Health Region has placed its Back Management training program on its intranet and all staff have access while at work.

Managers promote risk reduction

In both regions, managers promote risk reduction. Unit managers encourage teamwork to reduce the risk of injury. For example, one manager puts up a reminder to use two-person lifts at eye level in hallways. Another manager asks about lifting techniques for specific patients during the change-of-shift report.

Unit managers informally encouraged warm-up exercises before work and use of equipment to reduce injuries. Both regions store available equipment for convenient use.

Managers in both regions knew about the individual injuries on their unit. None of the managers we interviewed knew the rate of injuries on their unit to help them assess progress over time. During 2002, unit managers did not receive summary reports analyzing their rate of injuries by type compared to injury rates in similar units, their facility, or their region. Managers who know the rate of injuries on their unit may be more likely to promote risk reduction.

Show commitment to reduce injuries

We expected a commitment to reduce the prevalence of injuries through the emphasis of safety and injury prevention in the workplace. We also expected support of injured care staff for a safe return to work to reduce the risk of re-injury. As part of the commitment to reduce injuries, we expected regions to monitor compliance with policies and agency-wide trends of hazards, incidents, and injuries. The Occupational Health and Safety Regulations require active occupational health committees, prompt reports and investigation of incidents, and reduced hours or duties to help workers return to work after injuries.

Emphasize workplace safety

Our audit found both Regina Qu'Appelle and Saskatoon Health Regions had occupational health committees in every facility as required by law. Both regions also had central coordinating committees that met at least twice yearly. All committees keep meeting minutes. The members of these committees represent both management and unions. Thus, the committees create a useful union-manager forum that both regions use to resolve specific safety concerns.

These occupational health committees dealt with issues such as smoking, infections, chemicals, and exposure to blood. None of these committees regularly paid attention to hazards in units that had consistently high injury rates. The committees did not have a system to record in their minutes those hazards that management had not fixed.

In the Saskatoon Health Region, annual evaluations of managers use a framework that includes the manager's responsibility for a healthy workplace. In the units we audited, general managers who supervise unit managers did not consistently promote safety during manager evaluations. The Regina Qu'Appelle Health Region does not include safety issues when evaluating managers' performance.

In these two health regions, neither the board nor senior managers communicated clearly to staff that safety or injury reduction is a priority. For example, in one region, all staff received a letter about smoking outside the hospital door, but we saw no evidence of any letter, poster, or newsletter about safety. We found no evidence of communication to staff in either region about taking action personally to reduce back and shoulder injuries. Reducing injuries requires communication and partnership approaches that emphasize workplace safety.

Enable early return to work

Both health regions had strong programs and policies that encouraged prompt therapy and an early return to work after injuries. In both regions, the programs allow injured staff to return to lighter duties or shorter hours.

When care staff return to work after injuries, if necessary, both regions employ an extra staff member on the same shift. This best practice enables a smooth return to regular work that reduces the risk of further injury.

Monitor compliance with policies

Policies in both health regions required maximum use of equipment to reduce injuries. Unit managers in both regions told us that they did not routinely monitor whether their staff used mechanical aids and correct techniques to lift and reposition patients. Saskatoon Health Region has begun to use coach-auditors to monitor staff use of practices that reduce injuries. The Region has a checklist that sets out what to look for when monitoring. The Region told us it began to use this best practice in 2003.

Policies in both health regions required prompt reports of incidents and injuries. The consistency of reporting varied. A few unit managers told us that their staff reported every "near miss" incident and actual injury while

other managers thought their staff reported only incidents resulting in injury.

Regina Qu'Appelle Health Region uses best practice to investigate "near misses" and incidents. The Region uses a one-page form that is concise, but covers the major factors that contribute to injuries in the workplace (e.g., environment, equipment, staff, patient). The form guides managers to make a thorough investigation at the time of the incident. It also provides guidance in looking for ways to prevent future injuries.

In the Saskatoon Health Region, unit managers did not use a written guide to investigate incidents. These managers informally investigated incidents on their unit by talking to staff. They did not consistently document factors that caused injuries.

Monitor trends across region

Neither health region had a formal process to routinely monitor injury trends across the region and analyze workplace hazards, "near miss" incidents, or injuries. Both regions have a system to produce a monthly listing of all reported incidents. These reports are given to senior management and the occupational health committees.

Neither senior managers nor the boards received summary reports that explained which units had a major injury problem and the factors that contributed to the problem on each unit. Neither region was aware of the total cost to each facility of injuries.

Both regions said that they plan to use new computer systems to create useful reports of injuries. Both regions intend to give at least annual reports to their boards at some future time.

Both regions collect information to monitor the number of injuries per 100 full-time care staff. This statistic is comparable across the country and should allow the regions to monitor their progress compared to similar facilities or regions.

In 2002, both regions gave the SAHO quarterly incident reports of time-loss injuries to senior managers and occupational health committees. These reports describe injuries severe enough that staff must seek

medical attention and take time off work. The SAHO reports show the severity and frequency of injuries for each hospital, long-term care centre, or home care service area. The reports compare the injury rate in the current quarter to the rate in the same quarter for the previous year. They do not show trends over the long term. Regina Qu'Appelle Health Region also gives this report to board members. Unfortunately, SAHO told us the reports may not be comparable and regions should use them only for analysis within each region. SAHO told us it is working to correct this problem.

Neither the Regina Qu'Appelle Health Region board nor the Saskatoon Health Region board uses targets to help monitor injury trends. Targets could be set for the region, facilities, or units to reduce workplace injuries. Without targets, managers do not know how much change the board expects them to achieve or by when. A few managers in both regions said they think there should be no injuries, in spite of the current high rate of injuries (i.e., over 10% of staff annually). Realistic targets are more inspiring and useful to monitor success.

Workplace safety a priority

Both Regina Qu'Appelle Health Region and the Saskatoon Health Region actively search for ways to improve the health and safety of all workers. Senior managers in both regions stated that re-organization of the health system limited their ability to focus on reducing injuries during 2002. Unit managers in both regions expressed frustration that their efforts have not resulted in consistently fewer injuries.

Board members and managers are accountable for work-related injuries. Senior leadership is essential to promote the use of best practices to reduce the prevalence of work-related back and shoulder injuries to care staff. Each individual staff member also has an important role to reduce the prevalence of back and shoulder injuries in the health sector.

Often those situations that put care staff at risk of injury also create risks for patients. We encourage decision-makers in the health system to make safety a priority.

We thank the managers of the Regina Qu'Appelle and Saskatoon Health Regions for their excellent cooperation throughout this audit. Without their

assistance, the effective completion of this audit would not have been possible.

Management response

The Saskatoon Health Region states that:

> The Saskatoon Health Region is concerned about the level of injuries to employees and has put in place a number of significant initiatives to assist us in reducing injuries to care staff. Most notably, we have begun implementing a Transfers, Lifting and Repositioning Program (TLR) which trains care staff in using mechanical aids to their greatest advantage, to minimize the amount of human effort in moving patients/clients. With the purchase of $100,000 of equipment last year, we are ensuring that adequate mechanical equipment is available to care staff. To achieve sustainability, we have incorporated the role of TLR auditor/coach. This person assists managers and employees on the units to address issues that arise, so they can continue to work safely over the long term.
>
> Additionally, we will increase our emphasis in the following areas. Beginning in 2003 – 04 the Saskatoon Health Region will increase the amount and type of injury trend analysis it undertakes. This analysis will be provided to senior leadership on a regular basis. Through the Region's performance management program, all Managers will be accountable for injury reduction in their areas. Additionally, the Occupational Health Committees will monitor injury trends and make recommendations to senior leadership, where appropriate. The Region will also begin monitoring staffing patterns for any potential impact on injury trends.

The Regina Qu'Appelle Health Region states that:

> The Regina Qu'Appelle Regional Health Authority remains committed to a positive and healthy work environment. The on-going achievement of this goal requires that workplace safety continue to be a high priority of the Health Region. The four specific sub-recommendations [of recommendation 1] outlined are all ones that currently fall within the expectations the Authority has for administration for 2003-2004 and subsequent years.
>
> Beginning in 2003-2004, the Regina Qu'Appelle Health Region will monitor staffing patterns to assess whether there are injury trends associated with them. This monitoring will necessarily include observations on the requirements imposed on the employer by various collective agreements.

> The valuable work of the [Occupational Health and Safety] committees will continue. Injury trends and their causes will be monitored. More importantly, the committees will be encouraged to make written recommendations to senior management to implement prevention initiatives and make safe practices a required daily standard.

Board of Governors, Uranium City Hospital

Order in Council #508/95 dated June 5, 1995 set up the Board of Governors, Uranium City Hospital (Hospital). The Department has informed us that the Government plans to close the Hospital during 2003. The Department is making plans for the Hospital's closure including the transfer of certain Hospital assets and staff to the Athabasca Health Authority (AHA). We think that our recommendations for the Hospital will be useful guidance to AHA's directors in their governance of AHA.

For the year ended March 31, 2002, the Hospital had revenues of $1.8 million, expenses of $1.5 million, and held assets of $0.7 million.

Our audit conclusions and findings

In our opinion, for the year ended March 31, 2002:

- the Hospital's financial statements are reliable;
- the Hospital did not have adequate rules and procedures to safeguard and control its assets as reported in this chapter; and
- the Hospital complied with the authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing except for the matters reported in this chapter.

Board needs to carry out its duties

The Board is responsible to oversee the management of the Hospital's operations. To do this, the Board needs to set strategic and operating direction and monitor management's performance. Effective management is important for agencies to achieve their objectives.

Budget and operating plans need to be approved

In our 2000 Spring Report, we recommended that the Board approve a strategic plan and an operating budget before the year begins. In June 2001, the Standing Committee on Public Accounts (PAC) considered this matter and agreed with our recommendation.

The Board should approve a strategic plan and a budget to reflect the plan before the start of each fiscal year. Approving the plan and the budget is crucial to the Board in fulfilling its governance responsibilities. The Board must provide clear direction to the Chief Executive Officer (CEO) by approving a strategic plan and a budget that reflects the plan. Then, the Board must monitor the CEO's performance in achieving the plan.

The Board has not approved a strategic plan that sets out the goals and objectives for the health services provided by the Hospital. Also, the Board did not approve the Hospital's budget before April 1, 2002, the start of the fiscal year. Management prepared the budget in June 2002 and Board approved it in September 2002. This was a significant improvement over the previous year when the budget was prepared in October 2001 and approved by the Board in January 2002.

We continue to recommend that the Board of Governors, Uranium City Hospital, approve a strategic plan and an operating budget to reflect the plan before the start of the next fiscal year.

Senior management positions require contracts

In our 2001 Fall Report – Volume 2, we recommend that the Board prepare and approve adequate contracts for the CEO and Chief Financial Officer (CFO). In February 2002, PAC considered this matter and agreed with our recommendation.

The Board has now signed a contract with the CFO outlining his responsibilities to the Hospital. We reviewed the contract and found it to be adequate.

The CEO also has a contract, but it only addresses pay. The contract does not address the services the CEO is to provide. Without an

adequate contract, it is difficult for the Board to hold the CEO accountable for carrying out his responsibilities and to assess his performance.

We continue to recommend that the Board of Governors, Uranium City Hospital, prepare and approve an adequate contract for the Chief Executive Officer.

The Board needs to define required periodic financial information

In our 1998 Fall Report – Volume 2, we recommended that the Board, with the help of senior management, define and document the Board's financial reporting requirements. These requirements should ensure that the Board receives suitable and timely financial reports for decision-making. In June 2001, PAC agreed with our recommendation.

To date, the Board has not formally set out its reporting requirements.

We continue to recommend that the Board of Governors, Uranium City Hospital, with the help of senior management, define and document its financial reporting requirements.

Financial reports for the Board need improvement

In our 1998 Fall Report – Volume 2, we recommend that the Board improve its internal financial reports. In June 2001, PAC agreed with our recommendation.

The Board has made improvements to its internal financial reports. Management now prepares the reports in accordance with Canadian generally accepted accounting principles and include comparisons to prior years. However, these reports need further improvement to ensure the Board receives suitable and timely financial reports for decision-making.

The financial reports should include written explanations of major differences between year-to-date planned and actual results. This written analysis would help the Board fulfill its oversight role. Presenting the written explanations in advance of meetings makes it easier for Board members to analyze, evaluate, and monitor results. The interim financial

reports should include projections of revenues and expenses to the end of the year based on current information.

We continue to recommend that the Board of Governors, Uranium City Hospital improve its financial reports to include:

- written explanations of major differences between year-to-date planned and actual results; and
- projections of revenue and expenses to the end of the year based on current information.

Management told us that they present verbal explanations of differences and year-end projections to the Board.

Adequate rules and procedures required

For the Board to adequately manage and control the Hospital, the CEO must establish adequate written rules and procedures to achieve the Hospital's objectives and to safeguard the Hospital's assets.

Written rules and procedures provide for the orderly and efficient conduct of business. They help ensure goods and services purchased are:

- authorized and appropriate;
- received and used for the operation and management of the Hospital;
- physically secured; and
- priced fairly.

Rules and procedures also reinforce the Board's delegation of authority and the responsibilities of all employees. Adequate written rules and procedures help reduce the risk of errors, fraud, breakdowns in control, and unauthorized transactions.

In the following paragraphs, we set out examples of where the Hospital's rules and procedures were not adequate to safeguard the Hospital's

assets. The rules and procedures were inadequate because they were either not in place or they were not functioning properly. As a result, we were unable to determine if all payments made by the Hospital were for the benefit of the Hospital.

Bank account not controlled

In our 2000 Spring Report, we recommended that the Board strengthen its rules and procedures to safeguard and control its bank account. In June 2001, PAC considered these matters and agreed with our recommendation.

The Hospital continued to lack adequate procedures for ensuring that it pays employees accurately and only for work performed. Employees documented their hours of work, but no one approved the hours worked. This lack of approval increases the risk that the Hospital may pay for work not done. As a result, we were unable to determine if all of the salaries and benefits paid to employees were for services provided to the Hospital.

In addition, management did not follow up on possible errors in employees pay. We discovered many small errors indicating that the hospital may have overpaid some employees and underpaid others. Management was aware of these errors but did not determine why the errors occurred. To ensure the Hospital pays employees correctly, management should investigate and correct these errors.

In addition, the Hospital had inadequate controls for paying suppliers of goods and services. The Hospital did not always authorize payments. Cheque signers did not always review the suppliers' invoices before signing the cheques for payment. Therefore, no one checked to ensure that the Hospital's money was being spent only on goods and services for the benefit of the Hospital. In addition, we were unable to determine if all of the goods and services purchased by the Hospital were for the benefit of the Hospital.

We continue to recommend that the Board of Governors, Uranium City Hospital, strengthen its rules and procedures to safeguard and control its bank account.

Assessment of contracts required

In our 2001 Fall Report – Volume 2, we recommended that the Board obtain a ruling from Canada Customs and Revenue Agency (CCRA) for all its contract workers. The Board must determine whether an employer-employee relationship exists with its contract workers to ensure it makes the correct deductions. In February 2002, PAC considered this matter and agreed with our recommendation.

The Hospital had fifteen contract workers during 2002-03. It paid these workers a total of $380,000. The CCRA has guidance for determining whether an employer-employee relationship exists. The rules for Canada Pension Plan, employment insurance, and income tax deductions and contributions are different if an employer-employee relationship exists.

The Hospital continues to think that an employer-employee relationship with its contract workers does not exist. So, it does not make deductions from its contract workers' pay for Canada Pension Plan, employment insurance, and income tax. Also, it does not contribute the employer's portion of the Canada pension plan and employment insurance to CCRA for these contract workers.

In 2001, the Hospital received a ruling from CCRA for one of its 15 contract workers. CCRA found that an employer-employee relationship exists with that person and the Hospital owed CCRA approximately $3,600 in retroactive contributions for that person. The Hospital is appealing this ruling.

When the Hospital receives a final ruling in this case, it must decide if the findings apply to its other fourteen contract workers. The Hospital may be subject to penalties and retroactive contributions if an employer-employee relationship exists with these other contract workers.

Because the Hospital has not obtained a final ruling from CCRA on whether an employer-employee relationship exists with that worker or for its other contract workers, we are unable to determine if the Hospital is complying with CCRA's requirements.

We continue to recommend that the Board of Governors, Uranium City Hospital obtain a ruling from Canada Customs and Revenue Agency for

all its contract workers to determine whether an employer-employee relationship exists with its contract workers and then take deductions accordingly.

External reporting requirements not met

In our 2001 Fall Report – Volume 2, we recommended that the Board give its financial statements to the Legislative Assembly by the date required by *The Tabling of Documents Act, 1991*. In February 2002, PAC considered this matter and agreed with our recommendation.

For the year ended March 31, 2002, the Board did not give its financial statements or a report on the Hospital's activities to the Assembly by August 31, 2002, the date required by the Act. The Board gave its financial statements to the Assembly on December 17, 2002, but has not given the Assembly a report on the Hospital's activities.

We continue to recommend that the Board of Governors, Uranium City Hospital give its financial statements to the Legislative Assembly by the date required by *The Tabling of Documents Act, 1991*.

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Finance

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Main points

Our chapter for the Department of Finance (Finance) has three parts.

Part A reports the results of our audits of special purpose funds and agencies with years ending December 31, 2002 and the Municipal Employees' Pension Commission (Commission) for the year ended December 31, 2001.

We were unable to form an opinion on the adequacy of the Commission's processes to safeguard its assets. We could not do so because the appointed auditor did not complete its work due to problems with the computer system upgrade. The Commission did not have adequate project management processes to manage the upgrade of its pension computer system. Because of the delays in completing the upgrade, the Commission was unable to prepare financial statements for the year ended December 31, 2001 until February 2003.

Also, the Commission needs to establish processes to review the actuary's work.

Part B reports the results of our audit of the project management processes to manage phase one of the MIDAS system. MIDAS is a new computer system that replaces the Government's central financial and human resources system.

For the most part, we found that Finance had adequate project management processes to implement phase one. We make two recommendations to improve Finance's practices for managing development of the MIDAS system. Finance needs to track and monitor all the project's costs including other departments' costs associated with the MIDAS project. Also, for future phases, Finance needs a written contingency plan to deal with the possibility that the project, or a particular phase of it, is over budget, late, or lacks quality. The project steering committee should approve the contingency plan.

Part C describes the steps taken by Finance to increase the capacity of departments to report results.

Finance has taken several important steps to increase the capacity of departments to report results. In 2003, Finance established a multi-year timetable for improving plans and reports and prepared guidelines for improving annual reports. Finance is also working to establish a web site to share best practices for performance management and reporting. This is good progress.

Finance

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Introduction

The Department of Finance (Finance) helps the Government manage and account for public money. As part of these duties, Finance administers and is responsible for several special purpose funds and agencies.

Special purpose funds and agencies

Finance is responsible for the following special purpose funds and agencies:

Year ended December 31

Extended Health Care Plan
Extended Health Care Plan for Certain Other Employees
Extended Health Care Plan for Retired Employees
Extended Health Care Plan for Certain Other Retired Employees
Municipal Employees' Pension Commission
Public Employees Deferred Salary Leave Fund
Public Employees Disability Income Fund
Public Employees Dental Fund
Public Employees Group Life Insurance Fund
Saskatchewan Pension Plan
Sask Pen Properties Ltd[1]

Year ended March 31

General Revenue Fund (GRF)
Fiscal Stabilization Fund[2]
Members of the Legislative Assembly Superannuation Plan[3]
Public Employees Benefits Agency Revolving Fund
Public Employees Pension Plan
Public Service Superannuation Plan
Saskatchewan Pension Annuity Fund

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[1] Our office has been denied access to this agency since December 31, 1993 (see Chapter 8 1999 Fall Report – Volume 2 for further discussion of the matter).
[2] Finance does not prepare financial statements for this Fund. As required by *The Fiscal Stabilization Fund Act*, a schedule of transfers and accumulated balance appears in Public Accounts Volume 1.
[3] Effective September 1, 2002, this Plan was disestablished.

Our audit conclusions and findings

This chapter contains our audit conclusions and findings on the special purpose funds and agencies with years ending December 31, 2002 except for the Municipal Employees' Pension Commission. We will report our conclusions and findings on this pension plan for the year ended December 31, 2002 in a future report.

We also report on the Members of the Legislative Assembly Superannuation Plan for the period April 1, 2002 to September 1, 2002, the date this pension plan was disestablished.

In our 2002 Fall Report – Volume 2, we reported on the funds and agencies for the fiscal years ending on or during the year to March 31, 2002 except for the Municipal Employees' Pension Commission for the year ended December 31, 2001. We have now completed this audit and report our conclusions and findings in this chapter.

Our Office worked with Deloitte & Touche LLP, appointed auditor for the Saskatchewan Pension Plan, and KPMG LLP, appointed auditor for the Municipal Employees' Pension Commission. We used the framework recommended by the *Report of the Task Force on Roles, Responsibilities and Duties of Appointed Auditors* (to view this report see our web site at http://www.auditor.sk.ca/rrd.html).

Our office, Deloitte & Touche LLP and KPMG LLP formed the following opinions:

In our opinion, where we have completed our work (the audits not completed are the Municipal Employees' Pension Commission and SaskPen Properties Ltd. both for the year ended December 31, 2002):

- **the financial statements for Finance's special purpose funds and agencies are reliable;**
- **Finance's special purpose funds and agencies had adequate rules and procedures to safeguard and control their assets except where we report otherwise in this chapter; and**

- **Finance's special purpose funds and agencies complied with authorities governing their activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing except where we report otherwise in this chapter.**

Municipal Employees' Pension Commission

The Municipal Employees' Pension Commission (Commission) is responsible for the administration of *The Municipal Employees' Pension Act*. The Commission manages the Municipal Employees' Pension Plan (Plan).

The Plan provides retirement benefits to some employees of school divisions and regional colleges and all employees of regional public libraries, and other local authorities within Saskatchewan. The Plan consists of a defined benefit component, a money accumulation component (closed to new members effective July 1, 1973), and annuity underwriting activities. The Public Employees Benefits Agency (PEBA) provides day-to-day management for the Plan.

In 2001, the Plan received contributions of $13.5 million from municipal employees and $13.5 million from municipal employers. At December 31, 2001, the Plan held assets of $965.5 million and had liabilities of $853.1 million. The Plan's financial statements are included in the Commission's 2001 Annual Report.

Background

To fulfil our responsibilities to the Legislative Assembly, on October 1, 2001, we wrote to KPMG LLP that we intended to rely on its work and reports using the framework recommended by the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*. On November 19, 2001, KPMG LLP acknowledged our planned reliance on its work and reports.

We discussed the timing for the audit completion with both Commission management and KPMG LLP. Management told us the Plan's financial statements would be delayed because of the pension computer system

upgrade. Based on management's time commitment, KPMG LLP agreed it would complete its audit and provide us with its reports by June 3, 2002.

KPMG LLP did not provide those reports in June 2002. KPMG LLP told us it did not complete its work on the Commission's rules and procedures to safeguard and control its assets because the Commission's pension system was changing and management was busy resolving problems relating to the system upgrade. In addition, management had not prepared the Plan's financial statements due to problems with the system upgrade. Management also needed more time to gather relevant data for the actuarial valuation needed to prepare its financial statements.

For these reasons, we could not report on the adequacy of the Commission's rules and procedures to safeguard its assets, compliance with authorities, or the Plan's financial statements for the year ended December 31, 2001. On November 1, 2002, we informed KPMG LLP and management that we would begin our work to understand the problems with the system upgrade and why the Commission was unable to complete its 2001 financial statements. We began our work ten months after the year-end.

Timely evaluation of an agency's rules and procedures is important. It is not possible to evaluate an agency's rules and procedures for a certain period several months after the period. Projection of any evaluation of an agency's rules and procedures to a past period is subject to the risk that procedures may not be the same or the degree of compliance with them may have increased or decreased.

Accordingly, we report on the reliability of the Plan's financial statements for the year ended December 31, 2001 and the Commission's compliance with the authorities governing the Plan's activities for that year. We also report findings of the work we did in November 2002. Because of the reasons described above, we are unable to form an opinion on the adequacy of the Commission's rules and procedures to safeguard and control its assets for the year ended December 31, 2001.

Adequate project management practices needed

The Commission did not have adequate project management processes to upgrade the pension computer system. The Commission needs to

establish and document its rules and procedures for managing significant information technology projects.

Agencies face a challenging and difficult task when developing and implementing new information technology (IT) systems. IT industry experience shows that most new systems do not meet user requirements, cost more than expected, and are late. To reduce these risks, agencies need rules and procedures to inform, train, and guide staff on good project management practices. Also, to ensure project teams follow approved policies and procedures, agencies need to set up effective project management processes. For project management criteria see exhibit 1 on page 75 of Part B of this chapter.

In 1999, the Commission approved upgrading its pension computer system to meet its current and future information needs. The Commission estimated the upgrade would cost approximately $800,000 and would be operating by January 1, 2001. The system began operating in May 2002 and the actual cost was within budget.

To ensure the upgraded system calculated pensions correctly, the Commission needed advice from its consulting actuary. We expected the Commission to have agreements with its consulting actuary and the developer. Written agreements document the work the actuary and the developer would do, expected completion time, and costs the Commission would pay. The Commission had agreements with the project developer and the actuary. However, these agreements did not fully set out the roles and responsibilities of each party. When project managers do not document expectations, roles, and responsibilities, there is a risk that contractors may not perform as expected and delay the project's completion.

We also expected the Commission would have a process to ensure the new system calculated pensions accurately and the contractor completed the upgrades on time. Such a process would also include a plan to address any risks that could result in delays in completing the project and how to deal with those risks.

The Commission regularly monitored the costs, the progress of the project, and the risks in developing and implementing the upgraded

pension system. However, the Commission did not have a plan to resolve risks that could delay the completion of the project.

The Commission's actuary did not complete the required work to test the pension calculation formula for the new system. Therefore, the Commission hired another actuary to complete that work. This delayed the completion of the new system. Because the pension calculation formula in the new system was not complete, the Commission used manual procedures to calculate retiring members' pensions.

The Commission should establish a process to identify the lessons learned from this project including what went wrong, and what it could do to improve its project management processes. Such an exercise would help avoid similar problems in future projects.

1. **We recommend that the Commission establish rules and procedures for managing future significant information technology projects.**

Management told us that the Commission plans to establish rules and procedures for managing future significant projects.

Timely financial statements needed

The Commission did not prepare the Plan's financial statements for the year ended December 31, 2001 until February 2003. Although the system began operating in May 2002, the system did not have the data necessary for its actuary to value the Plan's pension obligations until July 2002. The actuary completed his work in February 2003.

The Commission needs timely annual financial statements to fulfil its responsibilities to the Legislative Assembly and plan members. Without appropriate financial statements, neither the Assembly nor plan members can assess the performance of the Commission and the Plan.

To ensure timely preparation of financial statements, the Commission needs complete and accurate books and records. The Commission did not have complete and accurate records of the Plan members' data. The Commission's actuary needed the Plan member's data (e.g., number of active and retired members, members' age, salary, years of service,

accumulated members' contributions, etc.) to value the Plan's pension obligations.

Generally, pension plans seek an actuarial valuation of pension obligations when there are significant changes to the Plan, actuarial assumptions, or their employee group. Pension plans also need an actuarial valuation to ensure that the assumptions used in calculating the pension obligations continue to be reasonable. In 2001, the Commission asked its actuary to value pension obligations because of recent changes to the Plan and because the Commission wanted to ensure that the actuarial assumptions continued to be reasonable. Also, the *Municipal Employees' Pension Act* requires the Commission to have an actuarial valuation of its pension obligations every three years. The Commission had an actuarial valuation of its pension obligations in 1998.

To value the Plan's pension obligations, the actuary needed relevant members' data. The Commission could not provide members' data to its actuary. The Commission could not do so because its new pension system was not operational and it did not have other processes to update members' data. The delays in providing the required data to the actuary contributed to delays in preparing the Plan's financial statements.

In July 2002, the Commission provided the relevant data to its new actuary. The actuary, however, needed more information from the Commission to reconcile the data the Commission provided for 2001 to the data used by the previous actuary in the 1998 valuation. The actuary received the required information in October 2002 and completed the valuation of the Plan's pension obligations in February 2003.

In addition, *The Tabling of Document Act, 1991*, required the Commission to give its 2001 annual report to the Assembly by May 31, 2002. The annual report must contain the financial statements. The Commission gave its 2001 annual report to the Assembly on March 19, 2003.

Accordingly, the Commission did not comply with *The Tabling of Documents Act, 1991*.

2. **We recommend that the Commission ensure that its books and records are adequate to prepare timely financial statements.**

3. **We recommend that the Commission provide its annual report to the Legislative Assembly by the date required by law.**

Management told us that the Commission plans to ensure its books and records are adequate to prepare timely financial statements. Management also told us that the Commission has now given its 2002 Annual Report to the Legislative Assembly.

Rules and procedures needed to assess actuarial valuations

The Commission needs to establish and document rules and procedures to review its actuary's work.

As stated earlier, pension plans need periodic actuarial valuations of their pension obligations to prepare their financial statements. To calculate the pension obligations, actuaries use data that pension plans provide. Management is responsible to ensure the data it provides to the actuary is complete and accurate. Management is also responsible to ensure the data that the actuary uses for the calculation is the data provided.

Actuaries can use various methods to value pension obligations. However, generally accepted accounting principles (GAAP) require pension plans to use a specific method to calculate their pension obligations for their financial statements. Accordingly, management must have processes to review the actuary's valuation to ensure the actuary used the appropriate method to determine pension obligations. Management must also ensure that the experience gains or losses calculated by the actuary are reasonable.

The Commission told the actuary the method to use to calculate the Plan's pension obligations. The actuary, however, used a different method. Because the Commission did not have rules and procedures to review the actuary's work, management did not review the actuary's work to ensure the actuary had used the appropriate method to calculate the pension obligations. Nor did management ensure that changes in the pension obligations from the previous year were reasonable.

KPMG LLP made the Commission aware that the actuary used a different method to calculate the pension obligations. Management then reviewed the work and questioned the actuary about the method used. The actuary did additional work to calculate the pension obligations under the method required by GAAP. Management reviewed this work.

4. **We recommend that the Commission establish and document rules and procedures to review the actuary's work.**

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MIDAS project

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Introduction and background

The Department of Finance (Finance) operates a central financial and human resources system for all government departments. The system has operated since 1985 and Finance has upgraded the system several times.

Finance is replacing its current system with Enterprise Resource Planning (ERP) software[1] called Oracle Financials. Finance plans to implement Oracle Financials over four phases. Finance named the new system the MIDAS system ("Multi-Informational Database ApplicationS").

The MIDAS system is a significant investment in information technology (IT) by the Government. Finance expects the new system to benefit all departments by improving the management of financial information. The departments will be able to obtain better information for improved decision-making. Finance plans to complete all four phases of the project by April 1, 2006.

Treasury Board approved phase one in 2001. This first phase includes general ledger, accounts payable, revenue recording, budgeting, forecasting, cash management, and financial management information. The budget for phase one was $6 million in 2001-2002 and $7 million in 2002-2003, which covers the cost of buying and implementing the software. The budget for phase one does not include costs borne by other departments. Finance implemented phase one on April 1, 2003.

Audit objective and criteria

This chapter describes our audit of the project management processes used by Finance to implement phase one of the MIDAS system.

Large IT projects are inherently risky and require strong project management controls. These controls help ensure the project:

- is done on time (time management);
- is done on budget and includes all costs (cost management);

[1] Enterprise Resource Planning software integrates a large number of functions across an entire organization into one piece of software. This allows all of the various units within the organization (in this case departments and branches) to more easily share information and communicate with each other.

- meets Finance's and the departments' needs (scope management); and
- uses quality standards including independent quality reviews (quality management).

This audit provides the Legislative Assembly and the public with our assessment of how well Finance is managing this major IT project.

We report this audit in two parts. In Chapter 9B of our 2002 Fall Report – Volume 2, we described the audit and outlined the criteria we used to assess Finance's processes. These criteria will be useful to other government agencies in managing their IT and other projects. In this chapter, we describe the results of our audit.

Our audit objective was to assess whether Finance has adequate project management processes to implement phase one of the MIDAS system. We assessed Finance's project management processes up to March 19, 2003.

Auditors use criteria to evaluate matters that they audit. Exhibit 1 sets out the main criteria that we used to audit the processes Finance is using to implement the MIDAS system. We based the criteria upon international standards, literature, and reports of other auditors (see selected references). In particular, we used the Project Management Institute's *A Guide to the Project Management Body of Knowledge* as the management framework to support the criteria.

We discussed the criteria in Exhibit 1 with key people at Finance. They agreed that the audit criteria are clear, reasonable, and attainable.

Exhibit 1—Audit criteria

To implement the MIDAS project, Finance should have:

1. adequate processes to maintain management and stakeholder commitment to the project;
2. adequate processes to track and report on the realization of the project's benefits; and
3. adequate project management practices and reports.

Adequate project management practices include integration management, scope management, time management, cost management, quality management, human resource management, communications management, risk management, and procurement management (see Exhibit 2).

Audit conclusion and findings

We found that Finance had adequate project management processes to implement phase one of the MIDAS system, except for the two matters covered by our recommendations.

We make two recommendations to improve the project management practices for the MIDAS project.

1. **We recommend that Finance track and monitor all of the project costs including other departments' costs associated with the MIDAS project.**

2. **We recommend that for future phases of MIDAS, Finance develop a written contingency plan to deal with the possibility that the project, or a particular phase of the project, is over budget, late, or lacks quality. The project steering committee should approve the written contingency plan.**

We describe our findings under the three criteria set out below. The findings are also applicable for other significant development projects in government.

Criterion 1 – Adequate processes to maintain management and stakeholder commitment

We expect Finance to have project management processes to obtain and maintain strong senior management commitment to the MIDAS project. We expect senior management will:

1. *ensure that the project fits within Finance's strategic plan;*
2. *be held accountable for the success of the project;*
3. *establish a strong project team with adequate resources to carry out the project; and*
4. *expect clear communication and reporting throughout the project.*

Our review of other jurisdictions and current literature suggests that senior management commitment is the most common, and perhaps the most important, feature of successful projects. Senior management demonstrates commitment by actively overseeing and promoting the project. Management commitment is enhanced when management is held accountable for the success of the project. Having senior management promote the importance of the MIDAS system to other departments and agencies helps maintain commitment.

What we found

Finance has adequate processes to maintain management and stakeholder commitment and meets the four criteria above.

The project has adequate commitment of senior management. The co-sponsors of the project are the Deputy Minister of Finance and the Provincial Comptroller. Finance seconded an individual to coordinate key items with the user departments. This helps to ensure that Finance can implement the project on time and that the project meets the needs of the users.

Criterion 2 – Adequate processes to track and report on the realization of the project's benefits

We expect Finance:

1. *to have a process to quantify and track project benefits throughout the project and after implementation; and*
2. *to base these benefits on a strong business case that is consistent with Finance's and the Government's vision, strategic goals, and objectives.*

The benefits outlined should be measurable and management should report annually on the achievement of the benefits. The benefits should include ensuring that the project meets user needs. The business case should outline the full costs of the project and compare the costs to the expected benefits. A project is not complete until the benefits are realized.

What we found

Finance has adequate processes to track and report on the realization of the project's benefits except that Finance does track the full costs of the project. For example, the user departments provide staff for user acceptance testing, conversion, and the project committees. Finance does not track these costs and include them in the overall cost of the project. Without knowing the total costs of the project, there is insufficient information to compare the costs to the benefits. Therefore, Finance should track and monitor all of the costs, including other departments' costs, associated with the MIDAS project.

The project documentation outlines the expected benefits. All project participants (i.e., project team members, department coordinators, steering committee members, and users in the departments) can easily access the project documentation. This allows the project participants to become familiar with the project's expectations and work towards achieving them. The documentation also specifies how Finance will measure the benefits. The project management office is responsible to ensure this is done. At April 2003, Finance has implemented phase one. As such, Finance has not had time to complete its measurement of how well the project met its expected benefits.

We plan to follow up and report on Finance's progress on measuring, tracking, and reporting the benefits of MIDAS.

Criterion 3 – Adequate project management practices and reports

We expect Finance to have good project management systems and practices to control the implementation of the MIDAS project as outlined by the nine areas in Exhibit 2.

Good project management practices include planning and reporting progress against the plan. The project teams should have the necessary experience, skills, and leadership to manage the project. The project team also needs to manage risk, ensure quality work, and communicate progress and successes. Good project management systems and practices help ensure that project teams meet deadlines, contain costs, and meet requirements.

What we found

Finance has adequate project management practices, except that Finance does not have a written contingency plan for the project. We describe the results in detail below for each of the areas in Exhibit 2.

Time and Cost Management

The budget for phase one did not have any money for contingencies. Also, Finance had no written contingency plan if phase one of the project was not completed by April 1, 2003. This lack of contingency plan is a significant risk to the Government as it needs a system to carry on operations after April 1, 2003. Finance tells us that they have plans to deal with budget, timing, or quality issues. However, these plans are not documented. For future phases of MIDAS, Finance should develop a written contingency plan to deal with the possibility that the project, or a particular phase of the project, is over budget, late, or lacks quality.

Scope Management

MIDAS is a complex project that affects a large portion of the Government. Significant challenges to managing a project of this size

exist. To help ensure a successful project, Finance divided the MIDAS into four phases. Each phase has a specific set of deliverables and implementation date. The success of each phase is independent of future phases. Finance designed the first phase of MIDAS to function without completing future phases. Evaluations are planned to be done at the end of each phase. These evaluations will determine if the next phase should continue and if any changes are needed in the scope or approach. This approach reduces the risks of the MIDAS project.

Quality Management

Projects such as MIDAS need an independent quality review to help ensure the project is completed on time, on budget, and meets user needs. The MIDAS project has undergone periodic quality assessments. The consulting firm implementing MIDAS does these quality assessments. The assessors from the consulting firm were not part of the MIDAS project team. Although the assessments were not fully independent, they were still valuable for the project team in providing suggestions for improvement and for highlighting the risk areas.

Finance set up a project management office (PMO) that is independent of the project manager. The project manager oversees the project and is responsible for the project. The PMO monitors the project and reports periodically to the project sponsors and the project manager. The PMO ensures that the project team properly identifies critical issues and follows up to ensure that the project team appropriately deals with the issues. Having an independent PMO oversee the project provides a good second check on the status of the project. This helps to reduce the project's risk.

The PMO monitors and reports on most key indicators of project management practices except the project's costs. The project manager monitors the project's cost and provides periodic status reports to the project sponsors and to the steering committee. The PMO should also monitor the costs for the project and include the results in its periodic status reports.

Communication Management

Finance developed a communication plan and has held many information sessions: to show what MIDAS will do; to obtain input from the users on

the design of the new system; and to ensure the system will meet the needs of the departments. Finance is also publishing a newsletter to keep stakeholders up-to-date.

Risk Management

Finance reduced some of the risks associated with a large project such as MIDAS by incorporating some good practices into its project.

- Finance seconded a number of employees from other departments with Oracle Financials experience to assist in the development of the MIDAS system.
- The MIDAS team developed a detailed training program that delivers user training at the most appropriate time and recognizes that the implementation will take place during the fiscal year-end, which will be a busy period for staff in the departments.
- Finance is using a computer program to assist them in documenting the new system and training the users.
- The PMO has a process to identify project risks and issues to ensure a timely response by the project team.
- The PMO uses a risk management summary document to track the project risks and ensure that they are reduced.

Human Resource Management

Finance contracted with an external party to provide consultants with experience in implementing Oracle Financials to assist them. Each sub-project team has an external consultant and an employee as co-team leads. This facilitates the knowledge transfer from the consultants to Finance's employees.

Procurement Management

The MIDAS project did three significant request for proposals (RFP). We reviewed in detail the evaluation of the RFP for a contractor to operate and maintain the MIDAS computer system at the contractor's site. For our review of the RFP process, we assessed if Finance:

1. adequately planned the evaluation;
2. appropriately carried out the evaluation; and
3. appropriately selected the supplier.

We found the RFP process was adequate. An individual from the Purchasing Branch of the Saskatchewan Property Management Corporation (SPMC) observed the evaluation process and provided input where required and helped to ensure that the RFP process was adequate. However, as well as having SPMC involved, the process could be improved by providing written guidelines on evaluating RFP's to the evaluation team. Evaluation team members are selected based on their expert knowledge of the subject area involved in the tenders, but they do not require tender evaluation skills. The evaluation team would be able to refer to the written guidelines to assist them in evaluating the RFP's.

Integration Management

The project manager was responsible to ensure that all key elements of the project were properly co-ordinated. Also, Finance seconded an individual to coordinate key items with the user departments. This helps to ensure that Finance can implement the project on time and that the project meets the needs of the users.

Future work

We plan to audit the project management practices for the second phase of MIDAS. We also plan to examine Finance's progress on measuring, tracking, and reporting the benefits of MIDAS.

Exhibit 2—Project management framework

The three general criteria of a strong project management climate are:

- management commitment to the project;
- the project's ability to achieve its objectives and benefits; and
- good project management systems and practices.

We will audit to these criteria based on the risk and scope of our project. We will use the Project Management Institute's standard titled *A Guide to the Project Management Body of Knowledge* as the management framework to support the above three criteria.

1. *Integration management* – the processes required to ensure that the various elements of a project are properly co-ordinated.

2. *Scope management* – the processes involved in determining what the users need, how the needs will be met and verifying if they are met.

3. *Time management* – the processes to plan, schedule, and control the project's activities to help get the project done on time.

4. *Cost management* – the processes to plan, estimate, and control the project costs.

5. *Quality management* – the processes needed to evaluate if the project is managed well and meets the stakeholders' needs.

6. *Human resource management* – the processes required to make the most effective use of people involved in the project, including stakeholders. This includes change management, training, and staffing.

7. *Communication management* – the processes, including the organizational structure, used to ensure the timely and complete creation, movement, and storage of information.

8. *Risk management* – the processes to identify, evaluate, plan, and respond to risks.

9. *Procurement management* – the processes to decide what to contract for tendering and selecting the best contractor; and negotiating, managing and closing the contract.

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Building capacity to report results

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Introduction

In 1998, the Government initiated the "Performance Management and Accountability Project" to change the way that departments manage and report to the public. The Government asked the Department of Finance (Finance) to lead implementation of the resulting accountability framework.

The accountability framework anticipates that departments report both their plans and their results to the public in "performance reports." The performance reports would explain the Government's action plans and their costs. Performance reports would also compare these plans to the results achieved in the prior year, showing what the Government actually spent to achieve that level of results. Telling the public about planned and actual results improves accountability for public money.

The "performance management" part of the Government's accountability framework is also important. The framework ensures that managers get better information. Performance reports clearly compare plans to actual results and show the cost of achieving those results. This information helps managers to focus on objectives that need more attention. Performance reports help managers to make decisions that increase the likelihood of achieving the Government's objectives.

In our 2000 Fall Report – Volume 3 (Chapter 1C, pp. 43-57), we highlighted four best practices that Finance should use to build the capacity of departments to report performance. To build departments' capacity to report performance Finance needs to:

1. sustain commitment, at the highest leadership levels, to report the results of the Government's performance;
2. promote a government-wide learning culture to improve public performance reporting;
3. establish processes and information systems that facilitate performance reporting; and
4. establish processes to ensure that public performance reports are credible.

The role of the Provincial Auditor is to monitor how the Government manages and accounts for public money. We monitor how Finance

implements its accountability framework to ensure it improves what departments report to senior managers and the public. At regular intervals, we assess the progress of Finance in building the capacity of departments to report their plans and results.

This update highlights some of the Government's progress in building the capacity of departments to report results. We describe the progress of Finance in acting on our recommendations about promoting a learning culture to report performance. This learning culture must extend across all departments.

Learning culture—a follow-up of recommendations

In our 2002 Spring Report (Chapter 10, pages 93-108), we reported how Finance builds capacity to report results by promoting a learning culture. Managers need a range of new skills for performance management and reporting the results of public sector activities. For example, managers who learn to interpret data will more easily explain results to the public.

We concluded that in 2001, Finance adequately supported a learning culture to improve public performance reporting by departments with two exceptions. We noted the lack of a multi-year timetable to improve performance reports and the absence of electronic access to best practices for improving these reports.

On October 24, 2002, the Standing Committee on Public Accounts agreed with our recommendations. We asked Finance to confirm its progress related to these recommendations. This update highlights progress to April 2003.

Multi-year timetable to improve reports

In our 2002 Spring Report, we recommended that Finance give departments a multi-year timetable with targets for incremental improvement in performance plans and reports of results.

In July 2002, nine of the 17 departments gave the Assembly their planned operating results for the year ended March 31, 2003. Finance expects these nine departments to release their results compared to those plans in 2003.

In April 2003, Finance gave the deputy ministers of all departments a multi-year timetable to improve their reports of plans and results. The timetable sets out incremental ways that departments must improve their reports to the public for each year from 2003 to 2006.

We commend Finance for setting out the direction of intended change. Announcing target dates by which departments should achieve specific improvements is an important step. This timetable allows some departments to move ahead more quickly as they become ready. It also allows other departments time to resolve complex issues and to learn from others.

Communicate best practices

In our 2002 Spring Report, we recommended that Finance should establish a web site or intranet among departments. Finance needs a cost-effective way to communicate best practices. A web site or intranet would help Finance to share best practices for performance management and innovations in performance reporting.

In early 2003, Finance outlined the information that would be most helpful to departments. By summer 2003, Finance expects to have a web site providing easy access to performance management and reporting, and links to other useful web sites.

The personnel that departments assign to create performance reports often change or their duties are re-assigned. This makes it costly to transfer knowledge from person to person or through training sessions. We encourage Finance to carry out its plans to use a web site to share best practices about performance reporting.

The progress of Finance in promoting a learning culture should encourage government departments to improve their performance reports. We anticipate that Finance will continue to strengthen its support of a learning culture for performance management and reporting.

Reporting results

In addition to establishing a learning culture, the Government is addressing other ways to increase the capacity of departments to report

performance. In particular, Finance has made excellent progress to produce guidelines for departmental annual reports and plans to explore the issue of departmental financial statements.

We have reviewed Finance's guidelines for annual reports. We think these guidelines will be an important step toward improved public performance reports.

Finance based its annual report guidelines on the reporting principles set out by the CCAF-FCVI, a national organization of public sector managers and auditors.[1] In December 2002, CCAF-FCVI published *Reporting Principles: Taking Public Performance Reporting to a New Level.* These reporting principles are the most current Canadian guidelines about how to report results in the public sector. The CCAF-FCVI consulted with public sector managers who prepare reports, auditors, and legislators to reach a consensus on these principles.

Finance expects all departments to begin to use the new guidelines to prepare their annual reports for 2002-03. It will take significant effort by all departments to realize the full benefit of these changes in performance reporting. The guidelines are expected to be fully implemented over the next several years.

When the guidelines are fully implemented they will require the reporting of non-financial and financial results. Reports of results improve information for decision-makers and provide better accountability. However, currently departments do not produce financial statements. We have discussed the need for departmental financial statements with Finance. Finance told us it plans to explore this issue in 2004.

Future work

We will continue to monitor how Finance builds the capacity of departments to measure and report their results to managers, legislators and the public. We plan to report on the progress of this important initiative in future reports.

[1] The CCAF-FCVI is a non-profit research and education foundation that supports capacity development for the public sector in the areas of governance, accountability, management, and audit.

Energy and Mines

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Main points

In this chapter, we report the results of our audit of the Department and the Oil and Gas Environmental Fund for the year ended March 31, 2002. We found the Fund's financial statements are reliable and the Department had adequate rules and procedures to safeguard and control its assets and the assets of the Fund except for the processes to ensure the accuracy of royalties and taxes due to the Department.

The Department relies on its audits of producers' returns to ensure it assesses and collects all royalties and taxes. In this chapter, we make three recommendations to improve the Department's audit processes. The Department needs to plan its audits better, ensure its auditors are appropriately trained, and improve its practices to supervise its auditors' work.

We also report that the Department complied with authorities except for the payment to NewGrade Energy Inc. that continues to need proper authority.

Introduction

The Department of Energy and Mines (now part of the Department of Industry and Resources) is responsible for managing Saskatchewan's energy and mineral resources.

The Department faces many challenges in managing Saskatchewan's energy and mineral revenues. These challenges include:

- promoting exploration to optimize the discovery and development of energy and mineral resources in Saskatchewan;
- ensuring responsible energy and mineral development while optimizing government revenues to pay for programs and services;
- ensuring the completeness and accuracy of all royalties and taxes due to the Department; and
- ensuring that industry activities are conducted in a safe and environmentally responsible manner.

In 2001-02, the Department incurred expenses totalling $30 million and earned revenue of $911 million. Information about the Department's revenue and expenses appears in its annual report and in *Public Accounts 2001-02: Volume 2: Details of Revenue and Expenditure* (to view a copy of this report see http://www.gov.sk.ca/finance/paccts).

Each year the Department collects about $900 million of royalties and taxes from a variety of sources. The Department's royalty and tax revenues are one of the largest sources of revenue for the Government.

One of the challenges that the Department faces is to ensure the completeness and accuracy of all royalties and taxes due to the Department. Producers of resources self assess the amount of royalties and taxes that they owe and submit the completed returns to the Department along with payments of the amounts assessed. The Department verifies the information on the returns to ensure it is accurately assessing all royalties and taxes owed to it.

The Department is also responsible for the Oil and Gas Environment Fund (Fund). The purpose of the Fund is to provide a mechanism to clean up abandoned wells and respond to environmental problems associated

with the exploration, development, production, and transportation of oil and gas. In 2001-2002, the Fund earned revenue of $87,950 and did not incur any expenses. The Fund held assets of $2.6 million as at March 31, 2002. The Fund's financial statements are included in its annual report.

Effective April 1, 2002, the Department of Energy and Mines became part of the Department of Industry and Resources.

Our audit conclusions and findings

In our opinion, for the year ended March 31, 2002:

- **the financial statements of the Oil and Gas Environmental Fund are reliable;**
- **the Department had adequate rules and procedures to safeguard and control its assets and the assets of the Fund except for its rules and procedures for ensuring the accuracy and completeness of royalties and taxes due to the Department; and**
- **the Department complied with the authorities governing its activities and the activities of the Fund regarding financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing, except the Department may not have accurately assessed and collected all the royalty and tax revenues required by the law and its payments to Newgrade Energy Inc. continue to need authority.**

Producers' royalty and tax returns not adequately verified

The Department's procedures for verifying producers' royalty and tax returns are not adequate. As a result, the Department may not have accurately assessed and collected all the royalties and taxes due to the Department.

To ensure that the royalties and taxes assessed are complete and accurate, the Department does two types of audits on the returns: desk audits and field audits. Desk audits are the procedures that the

Department does to check returns for reasonability and obvious errors. Desk audits are done at the Department. Field audits are the procedures that the Department does to check the producers' completed returns against the producers' source documents. Field audits are done at the producers' premises. To ensure that these audits provide the Department reasonable assurance that the royalties and taxes assessed by producers are complete and accurate, the Department must have adequate rules and procedures to plan the audits, do the audits on the returns, and to follow up on its audit findings.

We used the following criteria to evaluate the Department's procedures for verifying producers' royalties and taxes owed to the Department. The Department should have:

- an approved overall audit plan that ensures adequate audit coverage for all royalties and taxes due to the Department;
- audit staff with adequate knowledge, skills, and abilities to plan and do the audits; and
- proper supervision practices to ensure audits are approved and carried out as planned.

The Department's management agreed that these criteria are reasonable and attainable.

Detailed findings

The Department should have an approved overall audit plan that ensures adequate audit coverage for all royalties and taxes due to the Department

We expected the Department to have processes to ensure that it:

1. aligns the overall audit plan with the strategic plan;
2. approves a detailed yearly audit plan; and
3. has adequate resources to carry out the audit plan.

In addition to aligning the overall audit plan to the strategic plan, an overall audit plan would document the Department's risk assessment for each tax and royalty and its audit strategies to manage those risks. Such a risk assessment would also document the Department's plans to reduce

the risks to an acceptable level for those royalties and taxes that are not subjected to audits.

The Department does not prepare or communicate to all appropriate staff an overall (master) audit plan. Instead, the Department issues several planning memoranda to communicate its priorities to staff.

The absence of a master audit plan increases the risk that the Department may not accurately assess and collect all taxes and royalties from producers. For example, the Department told us it does not audit producers' returns for all oil and gas royalties. Management told us the Department does not do field audits of these returns because it has other ways to ensure the assessment and collection of oil and gas royalties. One of those ways is to agree the production and sales information received from the oil producers to the information received from the oil purchasers and the transporters. However, the Department did not agree the information received from the producers to the information received from the purchasers in a timely manner. Also, for the year ended March 31, 2002, the Department has not yet agreed the information received from oil producers to the information received from oil transporters. As at March 31, 2003, the Department has not completed this task.

Because the Department does not prepare a master audit plan to ensure adequate audit coverage for all royalties and taxes, the Department does not know that it has accurately assessed all the taxes and royalties due to the Department. In addition, because the Department does not prepare a master audit plan, it is unable to determine the resources it needs to provide the needed audit coverage.

Because the Department does not know that it has accurately assessed all the taxes and royalties owed to the Department, we are unable to determine if the Department has assessed and collected all taxes and royalties as required by the law.

1. **We recommend that the Department prepare an overall audit plan that ensures the accurate assessment and collection of all royalties and taxes due to the Department.**

Management told us that the Department is preparing a comprehensive audit plan addressing the Department's risks and strategies to address those risks.

The Department should have audit staff with adequate knowledge, skills, and abilities to plan and do the audits

We expected the Department to have processes to ensure that for its audit staff the Department:

1. has a minimum standard for education and experience for hiring and promoting; and
2. has an adequate training/learning plan.

The Department has adequate processes to ensure that audit staff have appropriate education and experience for hiring. However, the Department does not have a documented training/learning plan for its auditors.

The Department assesses and collects royalties and taxes from a complex industry that uses fast changing technologies to explore, produce, transport, and account for resources. Accordingly, the Department's audit staff require training to maintain and enhance the competencies needed to do their job well.

2. **We recommend that the Department develop and implement a formal training/learning plan for its auditors.**

Management told us that its auditors are long-term employees and that, due to the specialty nature of the royalty and tax programs, they learn on the job. Management also told us that the Department is currently preparing training plans for its staff.

The Department should have proper supervision practices to ensure audits are approved and carried out as planned

We expected the Department to have processes to ensure that it:

1. told auditors what to audit and how to do it (e.g. policies and procedures manual); and
2. monitored the work of the auditors to ensure it was done according to the Department's instructions.

The Department did not have adequate processes to tell staff what to audit and how to audit it. When auditors do not have adequate direction, there is a risk that they may not audit the most important revenue streams or may not carry out audits properly.

We found that auditors did not always document specific audit objectives, leave evidence for what they did, and why, complete the audits as planned or document reasons for changes to the audit plans.

In addition, we did not always find evidence of management's review and approval of the audit plan and the audit findings. Such a review and approval would ensure that audit results are well supported and would be useful in case of challenges by producers.

3. **We recommend that the Department improve its supervisory practices to ensure that audits are approved and carried out as planned.**

Payments to NewGrade Energy Inc. continue to need authority

NewGrade Energy Inc. (NewGrade) is owned by Crown Investment Corporation of Saskatchewan (CIC) and Consumers' Co-operative Refineries Ltd. (CCRL). Both CIC and CCRL have a 50% interest in NewGrade.

Producers of gas on Crown land remit royalties to the Department under *The Crown Oil and Gas Royalty Regulations*. NewGrade buys some of this gas from producers to use in its heavy oil upgrader in Regina.

In 2001-02, the Department paid $8.5 million to NewGrade. The Department called this payment "NewGrade Royalty Rebate." The Department used Order in Council 7/89, issued under Section 24 of *The Financial Administration Act, 1993*, as its authority for the payment. Section 24 of the Act allows the Lieutenant Governor in Council to remit royalties, but not the powers to make grants.

We have reported for many years that the payment to NewGrade is a grant and not a remission of royalties. We take this view because the producers are still required to pay the royalties.

We continue to recommend that the Department record this payment as grant and not reduction of royalty revenue. (See our 2001 Fall Report – Volume 2 for details.)

On September 28, 2001 and October 22, 2002, the Standing Committee on Public Accounts considered this matter and did not concur with our recommendation.

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Government Relations and Aboriginal Affairs

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Main points

In this chapter, we report on a provincial government program whose focus is to build a workforce in Saskatchewan where Aboriginal people are represented at all occupational levels in proportion to their provincial population.

Saskatchewan's youth represents about 15% of Saskatchewan's overall population. One in five Saskatchewan young people is Aboriginal. The proportion of Aboriginal people relative to the entire population is increasing. Yet, Aboriginal people remain under-represented in the Saskatchewan workforce. Employers face the loss of retiring "baby boomers" from the Saskatchewan workforce. This makes it critical that employers get ready to employ Aboriginal people and that Aboriginal people are ready for work.

Through the Aboriginal Employment Development Program, the Department engages employers, unions, and Aboriginal groups within the public and private sector to achieve the common objective of increasing the participation of Aboriginal people in the workforce. Using limited resources, it coaches and advises these partners on practical ways to reach this common objective. It builds relationships with its partners to help change attitudes toward Aboriginal people and remove barriers within the workplace.

At October 2002, in common with many government programs, the Department needs to improve its reporting on how the program contributed to increased participation of Aboriginal people within the Saskatchewan workforce. In addition, it needs to take steps to ensure the information it reports is consistent and comparable.

We note that after our audit, the Government announced on March 31, 2003 a number of measurable targets that will help the Department evaluate and demonstrate the results of this Program.

Introduction

Aboriginal people are under-represented in the Saskatchewan workforce.[1] They have a higher rate of unemployment than the general population.

Aboriginal people in Saskatchewan are primarily First Nations or Métis people and in 2001, made up 13.5% of the population.[2] In 1999-2000, Aboriginal people represented 6.6% of the workforce of Saskatchewan employers with approved employment equity plans.[3] The proportion of Aboriginal people employed varies in different parts of the province and in different types of workplaces. Also, the proportion of Aboriginal people is increasing relative to the entire Saskatchewan population.

The Department of Government Relations and Aboriginal Affairs (Department) recognizes barriers exist that deter the employment of Aboriginal people. These barriers include cultural stereotypes about Aboriginal people as well as employers' and unions' general unfamiliarity with Aboriginal people. Often employers and unions may not know how to find qualified Aboriginal applicants or are not fully aware of the impact of their existing human resource processes on their ability to attract and retain Aboriginal people.

Also, the Department notes that many Aboriginal people seldom know about entry-level job opportunities. Many Aboriginal people need improved awareness of the education and skills required to gain access to those opportunities, and the importance of acquiring those necessary education and skills.

The Department further recognizes that collecting reliable information about workforce participation is challenging. Its collection requires the cooperation of Aboriginal people to volunteer information about their ancestry and work history.

Aboriginal Employment Development Program

In 1995, the Department developed a representative workforce strategy to address the high unemployment rate among Saskatchewan's rapidly

[1] Saskatchewan Human Rights Commission, *2001- 2002 Annual Report*.
[2] Statistics Canada, 2001 Census.
[3] Saskatchewan Human Rights Commission, Employment Equity Report 1999-2000 (6/2000).

growing Aboriginal population. The Department's objective for the representative workforce strategy is to have qualified Aboriginal workers represented in all occupational levels (i.e., entry-level, middle, and senior management) in proportion to their provincial population.

The Department uses various initiatives and programs to work toward the achievement of this long-term objective. The Aboriginal Employment Development Program (Program) is one such program. This Program started in 1992.

The Department designed the Program to take a proactive, integrated, and focused approach to promote Aboriginal training and employment.[4] It uses a community-based approach that involves partners in finding solutions. It invites private and public sector employers, unions, and Aboriginal groups to become partners.

By October 2002, the Department had engaged 39 Saskatchewan partners in this Program. The majority of the employer-partners are in the public sector. These partners employ about 9% of Saskatchewan's total workforce.[5]

The Program, with a staff of three, stimulates societal change by changing attitudes, and measures the extent of that change. It does this incrementally. It engages partners and builds relationships with them to help change attitudes and remove systemic barriers in the workplace.

The Department promotes the benefits of hiring qualified Aboriginal people to employers. It emphasizes hiring Aboriginal people when they are qualified for the job, rather than hiring just to meet employment equity targets.

In addition, the Department works with various Aboriginal groups and unions. It helps them better understand employment opportunities and their responsibility to assist Aboriginal people in pursuing these opportunities.

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[4] Government Relations and Aboriginal Affairs, Aboriginal Employment Development Program (8/2002).
[5] Government Relations and Aboriginal Affairs, Aboriginal Employment Development Program includes approximately 43,000 employees working at the employer-partners. Statistics Canada, "The Daily" at November 8, 2002 states approximately 489,600 people (seasonally adjusted) were working in Saskatchewan.

Audit objective and criteria

The objective of this audit was to assess whether the Department had adequate processes to facilitate effective partnerships to increase the participation of Aboriginal people in the provincial workforce. This audit focused on the Department's processes used during the period April 1, 2001 to October 31, 2002.

Throughout the audit, we followed The Standards for Assurance Engagements established by The Canadian Institute of Chartered Accountants.

Criteria set out the main elements that we look for to evaluate the adequacy of the Department's processes. These criteria focus on the processes with the greatest influence on engaging partners and helping them to be effective. We based the criteria listed in the Exhibit 1 on a review of the literature, including the references listed in this report. The Department agreed with the criteria.

Exhibit 1—Criteria to facilitate partnerships

To adequately facilitate effective partnerships to increase participation of Aboriginal people in the workforce, the Department should have processes to:

1. identify key partnership opportunities
   - document the current employment potential of the Aboriginal workforce
   - document the sectors with employment opportunities
   - identify potential partners
2. design sustainable strategies to engage partners
   - promote expected benefits with potential partners
   - resolve barriers to involve partners
   - establish structures to involve partners
3. formalize clear accountability with partners
   - obtain commitment to increase Aboriginal participation in the workforce
   - confirm in writing the role expected of each partner
   - collaborate to identify measurable objectives
   - jointly evaluate progress toward agreed objectives
4. report progress toward increasing Aboriginal participation in the workforce
   - regularly review progress toward expected results
   - inform Minister about results annually

Conclusion and recommendations

We conclude that the Department has adequate processes to facilitate effective partnerships to increase the participation of Aboriginal people in the provincial workforce, except for its processes to measure and report progress.

1. **We recommend that the Department take adequate steps to ensure the information used to evaluate its progress toward increased participation of Aboriginal people in the provincial workforce is consistent and reliable.**

2. **We recommend that the Department inform the public of its progress in achieving short, mid, and long-term measurable targets that contribute to the increased participation of Aboriginal people in the provincial workforce.**

Subsequent to our audit, the Department reported in March 2003 its 2003-04 expectations for this Program to the public in the Government's Plan for 2003-04. These expectations are a part of the Department's strategic plan and are set out in a measurable way.

The next section sets out our key findings based on the agreed criteria.

Facilitating partnerships—findings

Identify partnership opportunities

We expected the Department to identify partnership opportunities by documenting the sectors with employment opportunities and linking potential employers with the Aboriginal community. We anticipated that the Department would identify potential partners that were ready and able to provide employment opportunities.

The Department had adequate processes to identify partnership opportunities.

The Department uses public information from Statistics Canada and others to monitor the work-readiness of Aboriginal people. It uses its

involvement on a provincial Aboriginal workforce committee to help identify potential sectors and barriers that deter partners.

To identify sectors where employment is most likely, the Department engages a consulting firm to look for employment opportunities in all sectors. It requires the firm to provide it with written quarterly reports that identify potential partners. It uses these reports to document sectors and employers with employment opportunities.

This consulting firm consistently distributes a standard portfolio of information to potential partners. The portfolio:

- describes the job-readiness of the Aboriginal community in terms of educational attainment and outlines what is expected of partners.
- explains that the Aboriginal community can be an additional source of qualified candidates for job vacancies.
- enables employers to self-evaluate their readiness as partners.

It helps potential partners to decide if they wish to pursue, with the Department, the common objective of increasing Aboriginal participation in the workforce.

Design sustainable strategies to engage partners

We anticipated that the Department would promote the benefits of partnerships. We expected the Department to help partners identify and resolve barriers. We anticipated that the Department would develop structures to coordinate communication and action among partners.

Partners make a formal commitment to work toward increasing Aboriginal employment in their workplace. Through written agreements, each partner and the Department set out mutually agreed areas for action (see Exhibit 2.) To sustain the commitment of new and existing partners, the Department consistently uses six strategies. Most of these strategies include the direct involvement of the Department as a coach or advisor.

Exhibit 2 – Areas for Action

Most agreements include the following areas for action:

1. Work together in a bilateral or multilateral process that promotes fairness, equity, trust, respect, dignity, and consistency;
2. Work with the Aboriginal community, unions, and employees;
3. Develop programs to facilitate constructive cultural and race relations;
4. Promote Aboriginal employment and career development;
5. Build links to the Aboriginal labour force;
6. Develop programs promoting employment opportunities for Aboriginal people; and
7. Build business development initiatives for further employment opportunities.[6]

First, the Department uses its package of written information (i.e., potential-partner portfolio) along with consistently enthusiastic verbal presentations to promote the benefits of partnership. This package provides each partner with possible solutions to common barriers that limit employment opportunities for Aboriginal people. The use of the same presenters assists the Department in providing partners with strong consistent messages.

Second, the Department encourages each partner to use a steering committee. The steering committee oversees activities related to achieving a representative workforce as set out in its partnership agreement. Committee members typically represent the partner's managers, human resource personnel, and related union representatives. The Department regularly attends committee meetings to encourage progress and help resolve issues or barriers.

Third, the Department strongly encourages each partner to assign staff to coordinate activities specifically related to increasing the proportion of Aboriginal people in the workforce. Most often, larger employers assign a coordinator. These individuals work with the steering committee. The Department establishes a working relationship with each coordinator and informally shares advice and the experiences of other partners.

Fourth, the Department encourages each employer-partner to develop a written action plan that sets out what it will do to increase the proportion of Aboriginal people in its workforce. It encourages the steering

[6] Government Relations and Aboriginal Affairs, Aboriginal Employment Development Program (8/02). http://www.iaa.gov.sk.ca/aboriginal/html/RI/Programs/AEDP.htm

committee to review and approve this plan. Most employer-partners take two years to develop an action plan.

Fifth, it encourages each partner to address barriers within the workplace. For example, the Department recognizes that a common barrier to employment is that many employers do not know how the educational background of Aboriginal people will fit into their organization. The Department encourages each employer-partner to formally assess the education and skills of each position (i.e., workforce audit). This assessment may recommend the number of positions in each job category for which the partner could seek Aboriginal applicants.

For barriers that extend beyond the employer-partners, the Department works with the related group to address those barriers. For example, if the barrier relates to inability of Aboriginal people to access training, it works with the Department of Learning and with related training institutions. If the barrier relates to provisions in collective agreements[7] that may discourage or limit Aboriginal workers from gaining access to employment opportunities, it works with the related union and alerts the Department of Labour to these provisions.

Sixth, when the Department notes that partners face circumstances that prevent them from employing Aboriginal people, the Department provides some funding. It funds specific activities at partners such as cultural awareness training, coordinators, or workforce audits. The nature and extent of funding depends on the Department's assessment of the barriers the partner faces.

The Department's approach of direct involvement with partners is sustainable with the existing modest number of partners. The Department may need to modify its approach if it is successful in attracting a significant number of partners.

Formalize clear accountability with partners

We anticipated the Department would confirm partners' roles and to require written progress reports from partners. We expected the

[7] For example, provisions that require internal advertising of vacant positions.

Department to encourage partners to commit resources to increase Aboriginal participation in the workforce. We expected the Department and its partners to jointly evaluate progress toward measurable objectives that included both activities and results.

The Department has adequate processes to formalize clear accountability with partners. It could improve the processes used to jointly evaluate progress.

The Minister signs the partnership agreement with each partner. Typically, senior officials of the partner sign the agreement. When possible, the Department makes the signing of the agreement a public event (e.g., news release, ceremony). In a second document, the Department describes the role it expects of its partners.

The expectations the Department places on its partners are consistent with its role as coach, facilitator, and advisor. It recognizes that it requires the cooperation and commitment of its partners to make progress in this area. Thereby, it takes a collaborative approach to facilitate necessary change.

Partnership agreements require "co-monitoring" and "co-evaluation". The agreements encourage partners to invest time and energy to change the workforce environment. In particular, the partners commit to addressing barriers that impede the recruitment and retention of Aboriginal employees. In addition, the agreements encourage partners to develop action plans setting out initiatives designed to facilitate Aboriginal participation in their own workforce.

Shortly after signing each agreement, the Department encourages each employer-partner to gather information on the number of Aboriginal employees on staff. This information provides a starting point for each employer-partner. Some employer-partners gather this information sooner than others do. For other partners such as unions, the provisions of the collective agreements and key human resource policies provide the starting point to help measure future progress.

Capturing and gathering of this information as soon as possible after signing of the agreement is important. It helps both the partner and the Department determine if the Program's activities contribute to desired

changes in the workplace and to the hiring of more employees that are Aboriginal.

Through periodic meetings, the Department and its partners monitor progress and identify actions to overcome barriers. In 2002, monitoring and evaluation focused on activities completed (e.g., changes in human resource processes, number of cultural awareness training days, number of Aboriginal people hired in a certain period). For some partners, meeting minutes capture the results of the evaluations. For others, the results of the evaluation are not formally documented.

Documenting and sharing the results of periodic evaluations can help both partners and the Department readily demonstrate their progress over the short, mid, and long term. Overcoming the barriers and preparing the workforce for increased participation takes time. To help sustain the necessary commitment of all parties, it is important to clearly identify and share progress achieved with all affected parties.

Report progress toward increasing Aboriginal participation in the workforce

We expected the Department to regularly review progress toward its objectives by assessing the ability of each partnership to achieve its goals; analyzing and combining the results of individual partnerships; and comparing the combined results within a provincial context. We anticipated that the Department would compare the combined results over time against the Department's expectations. We also expected this information to be shared with the Minister and for summary information to be shared with the public.

At October 2002, the Department did not have adequate processes to adequately report the Program's contribution toward the long-term expected result of increasing Aboriginal participation in the workforce.

The Department combines the data obtained from its partners for its regular reports to the Minister and to the public. Each of the employer-partners annually reports the number of Aboriginal people hired within the year (e.g., April to March, January to December). The partners also annually report the number of Aboriginal people employed as of March

31st each year. The Department requests its partners to break down this information by full-time, part-time, and casual employees.

The Department needs to know how the partners collect and measure the information reported. Given the voluntary nature of the Program, the Department can not expect partners to design their data collection systems to meet its information needs.

Data definitions provide a mechanism to identify information that was measured on a different basis. Defining key terms such as "hired" could include setting out the minimum length of employment to classify an employee as "hired" in the year. The definition would need to allow for casual and part-time work (e.g., fighting forest fires).

As yet, the Department does not provide its partners with definitions for key terms. Providing partners with its definitions would enable partners to determine if they measure data on a similar basis. If not, they can tell the Department how they measure the data reported. With this information, the Department could then make the necessary adjustments to ensure the data it reports is consistent, accurate, and comparable.

On its web site and in annual reports, the Department consistently reports the total number of partnerships signed since 1995, and the total number of Aboriginal people hired since 1995.

At October 2002, it had not set out what results it expected the Program to achieve over the short, mid, and long-term. Measurable expectations would help the Department to better assess and monitor its overall progress toward its long-term objective of increased participation of Aboriginal people in the workplace.

Summary

The increased participation of Aboriginal people in Saskatchewan's workforce is critical to the long-term success of Saskatchewan. Incremental steps that help workplaces to be ready for an increased number of Aboriginal employees and that help Aboriginal people to be ready for increased opportunities for employment are important. We look forward to the Department showing how its actions and activities contribute to the achievement of these expected results.

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Information Technology Office

6

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Main points

In 2002, the Government responded to the Report of the Commission of Inquiry into the drinking water problems in North Battleford. The Government announced that it would develop a system to share water quality information among government agencies, as well as with the public. The system would be called Saskatchewan Water Information Management, or SWIM.

The Government directed the Information Technology Office (ITO) and other partners with water-related responsibilities to work together to develop SWIM. The ITO's role was to ensure that SWIM met the needs of the partners and provided public access to water quality information.

We wanted to examine whether the ITO had adequate processes to coordinate the development of cross-government information systems. We focused on the ITO's processes to coordinate the development of SWIM. We found that, with the exceptions set out in the recommendations below, the ITO used adequate processes to coordinate the development of the system.

We recommend that in coordinating the development of future information systems, the ITO:

1. Communicate to its partners a single cohesive plan that describes partners' responsibilities and accountability, detailed expectations for development, and detailed benefits that include measurable targets.

2. Work with its partners to establish and maintain a coordination structure for the duration of a project. The coordination structure should include senior-level oversight with representation and commitment from partners and a project manager dedicated to the project.

The ITO and its partners told us that the system—which is nearing completion—will allow public access to water quality information. They told us they have not yet achieved the goal of a fully-integrated system that meets the needs of all the partners.

Introduction

The Information Technology Office (ITO) is responsible for establishing and coordinating government policies and programs in the area of information technology. The ITO's role is to work with government agencies to enhance public access, strengthen the Government's ability to undertake electronic service delivery, and enable electronic commerce.[1]

During our audit, the ITO was part of the Department of Industry and Resources for the purposes of *The Financial Administration Act, 1993*. However, the ITO functions as an independent agency. The ITO has its own reporting structure: the Chief Information and Services Officer of the ITO reports to the Minister Responsible for Information Technology, not the Minister of Industry and Resources. At April 2003, the ITO does not have legislation that defines its status and role. The ITO told us that it is working on legislation.

In this chapter, we report the results of our audit of the ITO's processes to coordinate the development of a system to share water quality information.

Background

The Government in its report *Partnership for Prosperity* envisioned improved communication with its citizens through information technology (IT). The Information Technology Office (ITO) in its strategy *E-government in Saskatchewan* supported this vision and stated that IT and information management are key tools to improve the efficiency of government.

In January 2002, the ITO developed a framework for improving the management of IT in the Government. The framework highlighted the importance of information management and acknowledged that effective communication among departments is difficult. The framework stated the importance of developing systems that improve inter-departmental information sharing and corporate knowledge management.

[1] Saskatchewan Economic and Cooperative Development, *2001-2002 Annual Report*.

In April 2002, the Government announced its decision to develop an integrated system to share water quality information among government agencies, as well as with the public. This decision provided an opportunity for the ITO to work with partners to develop a shared system using good information management practices.

The need for integrated water quality information

The Saskatchewan Water Information Management project (SWIM) is part of the Government's response to the Report of the Commission of Inquiry into the drinking water problems in North Battleford. The Report recommended that the Government proceed with an "integrated provincial water quality database."[2] The Government announced that it would begin implementing the new system—SWIM—in the fiscal year 2002-03.

SWIM is intended to allow more effective sharing of water quality information. Government agencies should be able to use the information for making decisions (e.g., regulatory decisions such as issuing permits for waterworks). Also, SWIM would enable the public to directly access information about the quality of their water.

SWIM involves government agencies with water-related responsibilities. In this chapter, we refer to these agencies as "partners." These partners include the Department of Environment, the Department of Health, and the Saskatchewan Watershed Authority. Other agencies are also involved, both within the Government of Saskatchewan (such as Saskatchewan Water Corporation, the Department of Government Relations and Aboriginal Affairs, and the Department of Agriculture, Food and Rural Revitalization) and at other levels of government (such as municipalities and the federal Department of Environment). The ITO plays a key coordination role.

The role of the Information Technology Office

The ITO is involved in SWIM because it is responsible for "...providing Government-wide policy development and coordination in the management of information and technology."[3] In coordinating the

[2] Report of the Commission of Inquiry into matters relating to the safety of the public drinking water in the City of North Battleford, Saskatchewan. March 28, 2002. Recommendation 13.
[3] Government of Saskatchewan, *Estimates for the fiscal year ending March 31, 2003.*

development of SWIM, the ITO's role is to ensure that SWIM meets the needs of the partners and provides public access to water quality information.

The Government intends that SWIM replace the current arrangement where agencies collect data from each other and store that data within their own systems.[4] Because the data is in separate systems, the partners do not know what information the others possess. The separate management of the data can hinder efficient access to the information by the partners and by the public. It can also result in unnecessary cost.

In Chapter 2 of our 2001 Fall Report – Volume 2, we discussed the risks involved in electronic service delivery for the Government and described practices for managing those risks. The Chapter noted the particular challenges posed by cross-agency electronic service delivery projects. SWIM is such a project.

The objective of our audit

The objective of our audit was to assess whether the Government of Saskatchewan's Information Technology Office (ITO) had adequate processes to coordinate the development of a system to share water quality information.

It was not our intent to evaluate the effectiveness of the resulting system. Rather, our purpose was to evaluate the ITO's processes to coordinate the development of cross-government information systems. We focused on processes the ITO used to coordinate the development of SWIM during the year ended March 31, 2003.

We followed the Standards for Assurance Engagements established by The Canadian Institute of Chartered Accountants.

Expectations for coordinating development

Criteria describe our expectations, the main elements we look for in our audit. The audit criteria summarized in the Exhibit are based upon

[4] ITO presentation: "Saskatchewan Water Information Management: Protecting the health of our citizens", October 8, 2002.

international literature and the reports of other auditors. We confirmed the criteria for this audit with the ITO.

Exhibit—Audit criteria

To coordinate the development of a system to share water quality information, the ITO's processes should:

- Establish a plan to coordinate the development of the system
- Set out the planned benefits of the system
- Confirm the accountability of partners
- Approve the system's design
- Monitor and communicate progress in developing the system

Conclusion and recommendations

Working with multiple agencies to develop shared systems is a difficult task. Where partners must work together, accountability and responsibility can be uncertain. It takes time and resources to sort out the responsibilities of partners.

The ITO faced these challenges in coordinating the development of SWIM. Moreover, these challenges were compounded by the tight timeline to complete the project. Overall, the ITO used adequate processes to coordinate development of the system except for the recommendations set out below.

We recommend that in coordinating development of future information systems, the ITO:

1. **Communicate to its partners a single cohesive plan that describes:**
   - **partners' responsibilities and accountability;**
   - **detailed expectations for development; and**
   - **detailed benefits that include measurable targets.**

2. **Work with its partners to establish and maintain a coordination structure for the duration of a project. The coordination structure should include:**
   - **senior-level oversight with representation and commitment from partners; and**
   - **a project manager dedicated to the project.**

The project is nearing completion. SWIM will be based on a system in use in Alberta and Manitoba. The ITO and its partners have told us that SWIM will allow public access to water quality information. It will also meet the information needs of some of the partners. They told us that it will not currently achieve the goal of a fully-integrated system that meets the needs of all partners.

The adequacy of processes to coordinate system development

In this section, we describe our expectations (in italics) and key findings from our audit under each criterion.

Establish a plan to coordinate the development of the system

Our expectation was that the ITO would establish a plan to coordinate the development of the system. The ITO would adequately describe the purpose of the system and communicate expectations for development. It would ensure that resources were available for development of the system. It would identify risks to the successful development of the system and take steps to reduce key risks.

Numerous documents adequately described the purpose of the system. Cabinet mandated the goals and objectives of the system. The ITO also set out clear objectives for its information management framework.

There was no single cohesive plan to achieve the goals and objectives. Such a plan would have set out clear expectations for development, including milestones and deliverables. While milestones and deliverables existed for certain parts of the project, they did not exist for the entire project except at the most general level. Such a plan would have also described the partners' responsibilities and accountability. Nor did we find

a single planning document that clearly outlined the financing of the project. The absence of a single cohesive plan contributed to the partners not working to achieve the same goals.

The ITO and its partners identified risks to the development of the system. They explicitly considered the key risks and challenges, and worked together to develop strategies to reduce them.

Set out planned benefits of the system

Our expectation was that the ITO would set out the planned benefits of the system. The ITO would also describe how it would measure whether the planned benefits were achieved. We expected that the ITO would obtain the agreement of its partners on benefits and targets.

The ITO and its partners set out planned benefits for the system. For example, the planned benefits included improved consistency and accuracy of information and additional benefits, such as "inter-provincial data standards" for water quality, to enable joint water studies and processes.

The planned benefits did not include measurable targets except to have public information on water quality available by March 31, 2003. Nor did the ITO and its partners have processes to measure the achievement of intended benefits.

The benefits and targets were general in nature and arose from Cabinet's direction. We did not find evidence that the ITO took additional steps to obtain the agreement of its partners on more specific benefits and targets. More specific benefits and targets would have assisted the partners in ensuring their information sharing objectives were met.

Confirm accountability of partners

We expected that the ITO would confirm the accountability of the partners. To do this, the ITO would describe the partners' responsibilities and negotiate realistic performance expectations. The ITO would establish a coordination structure and communication network. It would secure a commitment for action by documenting the partners' acceptance

of responsibilities and by obtaining the support of related ministers and senior officials.

The ITO and its partners received overall direction from Cabinet to proceed with the project. While the ITO was to coordinate the development of SWIM, its partners were to take the lead in implementing the system.

The ITO faced challenges in coordinating the development of the system. When agencies work together, it must be clear who is responsible for what. However, accountability and responsibility were uncertain because of the general nature of the mandate. The tight timeline meant that the ITO and its partners did not have much time to sort out their respective responsibilities.

The ITO and its partners defined their respective responsibilities for some parts of the project, but not for others. Clearer accountability and responsibility, set out in an overall plan, would have aided the ITO in securing commitment for action by partners.

The coordination structure for the project was changing and intermittent. No one person filled the role of project manager. For a considerable period, there was no senior-level oversight committee. In addition, the primary steering committee for the project stopped meeting, although some working groups continued. The partners communicated through these working groups and through separate meetings with each other and with ITO.

Without clearer accountability and responsibility, and absent senior-level oversight, there was no effective way to settle differences and achieve a system that meets the needs of all partners.

Approve the system's design

We expected that the ITO would define the approval process for SWIM. The ITO would review the design and verify that the design would deliver expected performance. It would ensure that the results of the review were brought to the attention of all concerned.

The ITO and its partners used varying approval processes at different points during the project. This was not the result of a formal plan, but rather because approval processes evolved as the project progressed.

The ITO, with its partners, defined approval processes for key parts of the project. For example, working groups that were made up of representatives of partners had some specific approval responsibilities. For other parts of the project, approval processes were not defined, but were informal.

There was no single review of the design of the system coordinated by the ITO and then communicated to its partners. Rather, informal reviews took place at various stages. These were communicated through e-mails, voicemails, and working group or committee notes.

The ITO was not able to use these reviews to verify that the selected design would deliver the expected performance—an integrated system that would meet the needs of all the partners and permit public access. As noted, the coordination structure and oversight were intermittent. A more consistent coordination structure and increased oversight could have provided better information and enabled the partners to discuss and settle differences. This would have helped the ITO to ensure that the system would meet the needs of all partners.

Monitor and communicate progress in developing the system

Our expectation was that the ITO would monitor and communicate progress in developing the system. It would assign responsibility for monitoring and communicating progress to ensure this was done. We expected that the ITO would use the information it gathered to evaluate the performance it had achieved with its partners in developing the system. It would then both report that performance and use the information to adjust its processes.

The ITO and its partners reviewed their performance in developing the system. This was done informally and not in response to any explicit assignment of responsibility. The ITO and its partners analyzed their performance, paying particular attention to achievement of their overall goal within a tight time frame.

The ITO and its partners used informal means to share information about the extent of progress they had achieved. They used this information to adjust their plan.

As noted, there was no senior group with oversight responsibility during important stages in the development of the system. Nor did the primary steering committee function throughout. Reporting did not take place in any coordinated way for a significant period of time. Effective oversight, made possible by consistent reporting of progress, could have assisted the ITO and its partners to make changes necessary to meet their plan.

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Labour

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Main points

The Department of Labour administers programs and delivers services that impact Saskatchewan citizens in the workplace. This chapter focuses on two areas that the Department must manage well to achieve its objectives and fulfill its responsibilities.

First, we describe the follow-up of our 2002 audit of the Department's Occupational Health and Safety Division. The Department, through this Division, pursues different programs to help make workplaces safe. Some of these include workplace occupational health committees. Our audit recommended changes in how the Department uses occupational health committee minutes to enforce the role of committees in controlling workplace hazards. Our follow-up assessed the Department's response to our recommendations up to March 2003. The Department has introduced changes that should correct the matters that led to our recommendations.

Second, we describe our planned audit of the Department's processes to assist injured workers who seek help with their claims for compensation from the Workers' Compensation Board. The Department provides this assistance through staff called worker's advocates.

To fulfill its mandate, the Department needs to effectively provide this assistance to workers. If the Department does not, injured workers may not receive timely benefits.

We expect the Department to have processes to:

- develop its capacity to assist workers;
- manage the requests for assistance it receives; and
- monitor its performance and adjust its processes.

We plan to report the results of this audit in Volume 3 of our 2003 Report to the Legislative Assembly.

Introduction

The Department of Labour administers programs and delivers services that impact Saskatchewan citizens in the workplace. In this chapter, we focus on two areas that the Department must manage well to achieve its objectives and fulfill its responsibilities. These involve the Department's Occupational Health and Safety Division and the Office of the Worker's Advocate.

In the first part of this chapter, we describe the follow-up of our 2002 audit recommendations involving the Department's Occupational Health and Safety Division. The Department, through this Division, pursues different programs to help make workplaces safe. Some of these include workplace occupational health committees. In our audit, we assessed how the Department uses occupational health committee minutes to enforce the role of committees in controlling workplace hazards. In this chapter, we describe actions the Department has taken in response to our recommendations.

In the second part of this chapter, we describe our planned audit of the Department's processes to assist workers who seek help with their claims for compensation from the Workers' Compensation Board.

Monitoring workplace health—a follow-up

The Department of Labour uses a system of self-monitoring in workplaces to help make workplaces safe. This workplace responsibility system places the duty for creating and maintaining a safe and healthy workplace on everyone in the workplace. Each is responsible to the degree that they have the authority and duty to act. Occupational health committees are key mechanisms to promote worker involvement and shared responsibility for workplace health and safety. Working together on these committees, employers and workers participate in the identification and control of workplace hazards.

In Chapter 12 of our 2002 Spring Report, we reported the results of our audit of the Department's use of the minutes of these committees. We reported that the Department monitors occupational health committee minutes to help determine whether committees effectively carry out their role. We concluded that in 2001 the Department adequately used minutes

to enforce the role of occupational health committees, except that the Department was not consistent in its assistance and intervention to ensure that committees helped to control workplace hazards.

In our 2002 Report, we recommended that the Department:

- improve its processes to respond consistently to occupational health committees that request assistance;
- improve its processes to identify occupational health committees that do not conduct workplace safety inspections regularly; and
- take consistent action when occupational health committees in high-risk workplaces do not submit timely minutes or do not respond to repeated requests from the Department.

On October 22, 2002, the Standing Committee on Public Accounts agreed with these recommendations.

in 2003, we evaluated the Department's response to these recommendations. The following describes the steps the Department has taken up to March 2003.

Using committee minutes more effectively

Responding to requests

Occupational health committees sometimes use minutes to request the Department's assistance. In our 2002 Spring Report, we noted that the Department responded to virtually all requests for assistance that committees made through their minutes. The Department expected, and continues to expect, that it will respond to all such requests.

The Department has introduced processes that highlight committee requests for assistance and confirm that requests have been dealt with. Following the new processes should reduce the chance of a request not being addressed.

Workplace safety inspections

The Department provides guidance to occupational health committees. This guidance stresses the importance of regular inspections of the workplace. The purpose of these inspections is to identify health and safety concerns.

In our 2002 Spring Report, we noted that the Department did not monitor whether committees carry out inspections. We found that the Department did identify committees that repeatedly reported no concerns. Because most workplaces have some health or safety concerns, this failure to report concerns can point to a committee that does not adequately inspect the workplace at regular intervals. We recommended that the Department improve how it identifies committees that do not regularly carry out inspections.

The Department has revised its processes to ensure it provides specific written guidance to committees that may not be carrying out regular inspections. The employer and the committee are warned that the absence of concerns may indicate that the committee is not adequately inspecting the workplace. After a committee has been given this specific guidance, if the committee persists in reporting no concerns, an occupational health officer is required to contact the workplace directly regarding the adequacy of internal inspections. These changes should improve the Department's performance in identifying committees that do not conduct regular inspections.

Inactive committees in high-risk workplaces

Occupational health committees sometimes submit minutes late. Sometimes they do not submit them at all. Minutes are the primary way that the Department can tell whether the self-monitoring system is functioning as it should. Thus, failure to submit minutes is a serious issue, especially for high-risk workplaces.

In our 2002 Spring Report, we noted that the Department had processes to contact occupational health committees that repeatedly failed to submit timely minutes or that did not respond to the Department's inquiries. We found that the Department was not consistent in its treatment of these committees.

The Department has changed its policies and processes to promote a more consistent response to these committees. The new processes preserve the flexibility of occupational health officers to respond to unique workplace situations. Under the changes, the Department requires occupational health officers to take specific steps unless exceptional circumstances exist. If a workplace continually fails to submit timely minutes or respond to the Department's inquiries, an occupational health officer is obliged to contact the workplace directly. The Department's changes should promote more consistent treatment of workplaces.

Summary

The Department's changes in the three areas described above will help to ensure that the self-monitoring system is working as it should. The effective functioning of this system is particularly important for high-risk workplaces. We noted that the Department's senior management does not yet receive reports that help it evaluate the effectiveness of the system. However, the Department is currently developing a number of reports through its Labour Information Network System, known as LINKS. We encourage the Department to continue to actively seek ways to monitor and evaluate the effectiveness of the system, particularly in high-risk workplaces.

The Department has introduced changes that should address the matters that led to our recommendations. In the future, the Department should be able to monitor occupational health committees more effectively using minutes.

Assisting workers to claim compensation

The Department of Labour assists injured workers who seek help with their claims for compensation from the Workers' Compensation Board (WCB). In this part, we describe the audit that our Office will complete during 2003. The audit will assess the Department's processes for assisting injured workers with their claims for compensation.

When people in Saskatchewan are injured at work, they (or their dependents) may be entitled to compensation under Saskatchewan's workers' compensation system. The system provides for financial

protection, medical benefits, and rehabilitation services for people with work-related injuries.

The WCB administers the workers' compensation system. It decides whether a worker will receive compensation for an injury, and the amount and nature of the compensation. When a worker disagrees with a decision of the WCB, the worker may have up to three opportunities to appeal the decision. The worker may appeal, in the following order, to:

1. an appeal committee within the WCB;
2. the three-member Board of the WCB; and
3. an external Medical Review Panel in situations where the worker's medical professional disagrees with the WCB Board's decision.

The Department of Labour has a role in the workers' compensation system. Under *The Workers' Compensation Act, 1979*, the Minister of Labour appoints worker's advocates to assist workers with their claims for compensation from the WCB.[1] Worker's advocates assist workers with their appeals. Because the worker's advocates are employees of the Department, they are independent of the WCB. The Department employs nine staff in this area, including six worker's advocates. For the year ending March 31, 2003, the Department expects to spend about $538,000 to provide worker's advocate services, excluding accommodation and other administrative costs.[2]

Service delay

To fulfil its mandate, the Department needs to effectively manage the assistance it provides to injured workers who wish to appeal WCB decisions. If the Department does not provide adequate assistance, injured workers or their dependents may not receive timely benefits from the WCB.

In Saskatchewan, workers who seek assistance from the Department are waiting an unreasonable length of time to receive assistance. During April 2003, the Department assisted workers who had waited 25 months for

[1] Section 161(3).
[2] Saskatchewan Finance, *Estimates 2002-03*.

help with their appeal.[3] This delay, and the resulting backlog of workers seeking assistance, is a long-standing problem.[4]

It is unclear the extent to which the delay in service in Saskatchewan stems from within the Department. However, it is clearly important for the Department to effectively manage the assistance it provides to workers.

Our audit and criteria

In 2003, we will assess whether the Department of Labour has adequate processes to assist workers (or their dependants) who seek help with their claims for compensation from the WCB. We will examine the processes used by the Department at August 31, 2003.

Our criteria describe the key processes that we expect the Department to use to assist injured workers. To identify the criteria, we reviewed relevant literature, reports of other auditors, and the practices of worker's advocates in other jurisdictions. The Department of Labour agreed with these criteria.

The criteria are summarized in the Exhibit and described in additional detail in the following section.

Exhibit—Audit criteria

To assist workers with their claims for compensation from the Workers' Compensation Board, the Department should:

1. Develop capacity to assist
   - 1.1 ensure staff have appropriate knowledge and skills
   - 1.2 establish timely access to key information
   - 1.3 seek necessary financial resources
   - 1.4 allocate resources to maximize capacity
2. Manage requests for assistance
   - 2.1 set expectations for providing assistance
   - 2.2 determine eligibility of requests for assistance
   - 2.3 assign requests to expedite assistance

[3] Source: Department of Labour.
[4] See, for example, the Committee of Review's *2001 Report*, which traced the existence of the same problem back to the mid-1980s.

3. Monitor performance and adjust processes
   - 3.1 analyze performance
   - 3.2 modify processes to improve performance

Our expectations for assisting workers with their claims

Develop capacity to assist

We expect the Department to develop its capacity to assist workers. Documenting the necessary competencies would help the Department to hire and retain staff with those competencies. We anticipate that the Department would also provide relevant training to the staff to meet present and future needs.

To provide assistance, the Department requires information from workers, the WCB, and medical professionals. We anticipate that the Department monitors whether it has timely access to this information. Assigning responsibility for monitoring access to information would enable problems to be addressed promptly.

The Department requires resources to provide timely assistance to injured workers. We anticipate that the Department would estimate the resources it needs to help workers with new requests for assistance, as well as to clear any backlog of outstanding requests for help. We expect the Department to have a plan to carry out its mandate even if it does not immediately receive the resources it needs. We expect the Department to allocate its resources to maximize its ability to assist workers.

Manage requests for assistance

We expect the Department to effectively manage the requests for assistance it receives from workers. We expect the Department to clearly tell its staff the steps that it expects them to take to provide assistance. We anticipate that the Department would also set out the level of performance it expects.

When the Department receives requests for assistance, we expect it to decide whether the requests are eligible for assistance. To evaluate requests consistently, we expect the Department to use eligibility criteria.

Then we expect the Department to assign eligible requests to its staff so as to provide assistance as quickly and effectively as possible. This means the Department would consider how it can organize and assign requests. For example, the Department might decide it can provide optimum assistance by assigning requests based on the type of injury.

Monitor performance and adjust processes

We expect the Department to monitor how well it provides assistance to injured workers. To do this, senior management would regularly analyze performance reports that compare results to planned levels of service (targets). For example, the performance reports could show the proportion of workers who did not receive assistance within target time frames.

We anticipate that if the Department's performance does not meet its service expectations, the Department will identify the main reasons. The Department would then actively revise its processes or work with other agencies to remove barriers to better service. We expect the Department would promptly inform staff of any new processes and the reasons for the change.

Next steps

We will use the criteria described in this chapter to carry out our audit of the Department's processes to assist workers who seek help with their claims from the WCB. We plan to report the results of this audit in Volume 3 of our 2003 Report to the Legislative Assembly.

Selected resources

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Workers' Compensation Board

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Main points

In this chapter we report the results of our audit of the Workers' Compensation Board (WCB) and WCB Superannuation Plan (WCB Plan) for the year ended December 31, 2002.

We report that the WCB has significantly improved its public accountability. In 2002, the WCB made public its 2002 – 2004 strategic and operational plans including its goals and objectives, strategies, and actions plans. We commend the WCB for doing so. We also report that for 2002 we did not examine the adequacy of the WCB's new processes to adjust injured workers' claims because its new processes are not yet complete. We will audit these new processes in 2003.

We concluded that the financial statements of the WCB are reliable. We also concluded that the WCB had adequate processes to safeguard its assets. (We did not examine the adequacy of the WCB's processes to adjust injured workers' claims.) Also, the WCB complied with the authorities governing its activities.

In addition, we concluded that the financial statements of the WCB Plan are reliable. However, our audit of the WCB Plan is not yet fully complete because the appointed auditor has not fully completed its audit of the WCB Plan. We will report more fully when our work is completed.

Introduction

The Workers' Compensation Board (WCB) operates under *The Workers' Compensation Act, 1979*. This Act establishes a mandatory no-fault compensation program for Saskatchewan workers. The members of the WCB are responsible for the administration of the Act.

Cabinet appointed Deloitte & Touhce LLP, Chartered Accountants, as auditors of the WCB.

The WCB included its 2002 financial statements in its 2002 annual report. The WCB's financial statements report revenue of $203 million, expenses of $296 million, and net deficit of $93 million. At December 31, 2002, the WCB had assets of $869 million.

The Provincial Auditor Act requires us to form an opinion on the adequacy of the WCB's rules and procedures to safeguard and control its assets. In forming our opinion on the WCB's rules and procedures to safeguard and control its assets, we decided to exclude the processes the WCB uses to adjust injured workers' claims. Instead, we decided to do this work during 2003.

During 2001, the WCB began implementing a "team case management system" for adjusting injured workers' claims. At year-end, the new claims adjusting system was not fully implemented. During the meeting of the Standing Committee on Public Accounts on October 23, 2002, the Chair of the WCB stated that team-based case management was started in September 2001 and that "it will take 12 months to provide a real comprehensive evaluation of all new processes because some of them won't be implemented until actually January when Bill 72 fully kicks in and is proclaimed".

Legislators and the public need to know that the important changes that the WCB has made to its claims adjusting system are meeting the WCB's objectives. Having this information improves public confidence in the WCB. However, to properly evaluate the new system, the new system must be complete and operating for more than a few months. For this reason, we decided that auditing the new system in its infancy would not be the best use of our resources. Accordingly, we did not evaluate the

claims adjusting system for the year ended December 31, 2002. Later, in this chapter, we discuss our planned audit of the new system in 2003.

Improved public accountability

In 2002, the WCB significantly improved how it reports to the Legislative Assembly and its stakeholders.

To assess the performance of public sector agencies, legislators and the public need to know how the agency is managing its key risks. They also need to know the agency's goals and objectives and how successful the agency has been in achieving those goals and objectives. Public sector agencies can provide this information in their annual reports or on their web sites. Strengthening public reporting generally promotes better management.

To foster accountability, the annual report and/or web site should also describe what the agency is all about, how it manages its key risks, what it has done, where it is now, and what it plans to do. In addition, to ensure the information in the report is relevant and understandable, the annual report and/or web site should be written clearly and be available promptly after the agency's year end.

In 2002, the WCB made public its 2002 – 2004 strategic and operational plan including its goals and objectives, strategies, and action plans. Also, during the October 2002 meeting of the Standing Committee on Public Accounts, the WCB provided and discussed its 2002 – 2004 strategic and operational plans.

The WCB improved its 2002 annual report to include its key risks and how it manages those risks. Its annual report also continues to include a discussion about its financial performance and its 2002 balanced scorecard report. Public confidence in the WCB's ability to meet its objectives is important to the WCB's success. We think public confidence in the WCB will strengthen because it has significantly improved the quality of its public reporting.

We commend the WCB for significantly improving its public reporting and look forward to further improvement in future years.

Our audit conclusion and findings

We used the work of the WCB's appointed auditor, Deloitte & Touche LLP (D&T) to form our opinions on the WCB. We relied on the appointed auditor's report on the WCB's financial statements.

In our opinion and in the opinion of D&T, the WCB's financial statements for the year ended December 31, 2002 are reliable.

We also form the following opinions:

In our opinion, for the year ended December 31, 2002:

- **the WCB complied with the authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing; and**

- **the WCB had adequate rules and procedures to safeguard and control its assets and to comply with law governing its activities. As explained earlier, we did not examine the WCB's rules and procedures to adjust injured workers' claims.**

We did not rely on D&T's reports on the WCB's rules and procedures to safeguard its assets and to comply with the law because we did not receive those reports in time to finish our work. *The Provincial Auditor Act* requires us to do additional work when we are unable to rely on the reports of an appointed auditor. We used the appointed auditor's work and discussed matters with the WCB's management. In the introduction, we describe why we did not examine the WCB's new claims adjusting system in 2002.

Future work on the WCB's new claims adjusting system

During 2003, we will examine the WCB's new claims adjusting system. We do not plan to assess the processes relating to injured workers' appeals and the Board members' adjudication of those appeals.

In March 2003, we completed our research and developed general criteria to assess the adequacy of the new claims adjusting system. Our research consisted of a review of relevant literature and practices used by

other similar agencies in Saskatchewan and Canada. Criteria are reasonable and attainable standards of performance and control that we will use to assess the adequacy of systems and practices. We shared our general criteria with the WCB. The WCB agreed that our general criteria are reasonable and attainable. We describe the general criteria below.

To adequately process the injured workers' claims, the WCB needs to have policies and procedures to:

1. communicate internally and externally its expectation for processing claims;
2. build human resources capacity to meet its claims processing policies;
3. process injured workers' claims;
4. maintain a quality control system for processing injured workers' claims; and
5. provide senior management and the Board members with adequate financial and performance information.

Our next step is to begin discussions with senior managers responsible for financial administration and claims to establish control expectations for each criterion. We plan to do so over the next few months so that we can begin our audit of the systems during summer 2003.

We plan to report the results of our work in a future report to the Assembly.

Workers' Compensation Board Superannuation Plan

The WCB sponsors the Workers' Compensation Board Superannuation Plan (WCB Plan). The WCB Plan is a defined benefit pension plan (closed to new members in 1978). The Workers' Compensation Superannuation Board (Superannuation Board) is responsible for administration of *The Workers' Compensation Board Superannuation Act.* The primary object of the Superannuation Board is to provide superannuation allowances to the WCB's retired employees and to the dependants of deceased superannuates and employees. The Public Employees Benefits Agency, Department of Finance, provides day-to-day management of the WCB Plan.

Cabinet appointed Deloitte & Touche LLP (D&T), Chartered Accountants, as auditor of the WCB Plan.

In 2002, the WCB Plan received contributions of $0.14 million from employees and provided superannuation allowances and refunds of $1.49 million. At December 31, 2002, the WCB Plan held assets of $28.47 million and owed accrued pension benefits of $24.26 million. The WCB Plan's financial statements are included in its 2002 annual report.

Our audit conclusions and findings

We have done enough work to report on the reliability of the WCB Plan's financial statements.

In our opinion and in the opinion of D&T the WCB Plan's financial statements for the year ended December 31, 2002 are reliable.

However, we have not yet fully completed our audit of the WCB Plan. We have not done so because D&T has not fully completed its work. We will report on the WCB Plan's rules and procedures to safeguard its assets and its compliance with the law when our work on the WCB Plan is completed.

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Community Resources and Employment

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Main points

This chapter describes the key risks that Saskatchewan Housing Corporation (SHC) must manage well in order to be successful. The Department of Community Resources and Employment operates SHC. SHC must:

- understand the housing marketplace in order to identify the long-term housing needs of Saskatchewan residents;
- manage its resources to deliver its mandate;
- manage its interest rate risk; and
- manage relationships with a variety of partners.

We did this work to help Members of the Legislative Assembly and the public understand and assess the key risks facing SHC. We encourage SHC to report on the risks facing SHC and its strategies to manage those risks.

This chapter also includes the results of our audit of SHC for the year ended December 31, 2002. We concluded that SHC's financial statements are reliable, it had adequate processes to safeguard its assets, and it complied with authorities governing its activities.

Introduction

The mandate of the Department of Community Resources and Employment (formerly Social Services) is to advance the well-being of Saskatchewan people by providing programs and assistance aimed at strengthening participation in the economic and social life of the Province. The Department provides basic income support, housing, childcare, career services, and employment programs to reduce the risks and disadvantages of unemployment and poverty.

In Chapter 10 of our 2002 Fall Report – Volume 2, we reported the results of our audits of the Department and its agencies for the year ended March 31, 2002.

In this chapter, we report the results of our audit of the Saskatchewan Housing Corporation (SHC). The Department operates SHC under the authority of *The Saskatchewan Housing Corporation Act* (Act). SHC provides housing services for seniors, families, and others who could not otherwise afford safe, secure shelter. SHC directs the development, delivery, and administration of housing programs in the province. The provincial, federal, and municipal governments fund development, delivery, and administration costs.

As part of its mandate, SHC coordinates the activities of 281 public housing authorities. These public housing authorities provide community-based management for housing projects. Public housing authorities are corporations established by ministerial order under the Act. The Minister has the legislative authority to create public housing authorities and appoint their members. Also, the Act provides that public housing authorities must comply with policies established by SHC.

SHC manages about 31,000 housing units and co-ordinates services to tenants through a network of public housing authorities, non-profit organizations, housing co-operatives, and private landlords. SHC and the public housing authorities directly administer about 19,500 housing units located in over 300 communities around the province. These housing units are targeted primarily to low-income seniors and families. Other programs covering an estimated 11,500 housing units provide accommodation for special needs and low-to moderate-income seniors

and families. These units are generally owned and operated by non-profit and co-operative housing groups.

In 1997, Canada Mortgage and Housing Corporation (CMHC) transferred responsibility for all off-reserve social and affordable housing to SHC under a social housing agreement. As part of the social housing agreement, CMHC provides subsidies for the operation of the housing projects transferred under the agreement. SHC must spend these subsidies on federally approved programs by the end of the agreement in 2038.

SHC also provides subsidies to non-profit housing sponsors and for a variety of home repair programs designed to assist low-income housing homeowners.

In 2002, SHC had revenues of $156 million and expenditures of $157 million. At December 31, 2002, SHC had assets of $284 million, liabilities of $263 million, and net assets of $21 million.

Key risks

It is important that the Members of the Legislative Assembly (MLAs) and the public know the key risks facing a government agency. Also, they should receive information on these risks to understand and assess an agency's performance. We think sharing our understanding of the SHC's key risks will help MLAs and the public better understand and assess SHC's performance.

We identified the following key risks SHC must manage well to be successful. It must:

- understand the housing marketplace in order to identify the long-term housing needs of Saskatchewan residents;
- manage its resources to deliver its mandate;
- manage its interest rate risk; and
- manage relationships with a variety of partners.

We identified these key risks through discussions with SHC's management and by reviewing its web site and annual report. Management confirmed that these are the key risks facing SHC. We encourage SHC to report on the risks facing SHC and its strategies to manage these risks in future annual reports.

We have not audited the systems and practices SHC uses to manage its key risks.

Understand the housing marketplace in order to identify the long-term housing needs of Saskatchewan residents

To know what programs to provide, SHC needs to know the public's long-term housing needs. SHC needs to collect and assess forecast data on long-term population changes. These changes include an aging population and rural to urban migration. As a result of these shifts, waiting lists for social and affordable housing are growing in some communities, while chronic vacancies grow in others.

To supplement this information, SHC also needs to monitor and analyze relevant market forecasts and key economic indicators including: private housing markets, housing prices, rental rates, vacancy rates, and employment. This information is critical to fully understand the market environment in which SHC operates.

Manage its resources to deliver its mandate

SHC must identify the physical, financial, and human resources needed to meet its long-term plan for housing programs. To ensure it has adequate resources, SHC needs resource plans consistent with its and the Government's long-term plans.

SHC's financial resources are under considerable pressure. Federal funding for operations is based on actual expenditures in 1995-96 and will decline steadily until the social housing agreement expires in 2038.

SHC's major asset is its investment in various housing properties. The net book value of these housing properties was $267 million at December 31, 2002. Ongoing maintenance and improvements are a necessary aspect

of ownership. Funding to maintain the investment in housing properties is limited. Operating costs are increasing significantly. A large portion of operating costs is for modernization, improvements, repairs, maintenance, and to maintain health and safety standards. These expenditures preserve the useful life or address obsolescence of SHC's housing properties.

In addition to federal funding, clients, the Province, and municipalities provide funding for operations. Clients contribute through payment of affordable rents and through cost recovery charges for assisted living services. The Government and municipalities contribute to ongoing operating costs and share in construction costs for new housing.

SHC must ensure the public and the Assembly have the information they need to understand and assess SHC's performance. Good public performance reports will help encourage better management of programs, build public confidence in SHC's performance, and provide support for its need for resources to carry out its programs.

Manage its interest rate risk

SHC received money from the Canada Mortgage and Housing Corporation under the social housing agreement that was not immediately required for the operation of housing projects. SHC has used this money to pay down debt temporarily. In the future, these federal contributions will be required for federally approved programs as required by the agreement and SHC will need to manage its cash and debt accordingly.

For 2002, interest expense was $11.5 million. This is approximately 7% of SHC expenditures. However, higher interest rates could increase this expense over the next few years. The increased interest expense would mean less money is available to pay for other operating costs.

Manage relationships with a variety of partners

SHC deals with a large number of partners who have a wide range of interests and needs. SHC's partners include other governments, a network of public housing authorities, non-profit organizations, housing co-operatives, and private landlords. SHC has to balance its partners' needs against the mandate and priorities of SHC.

Our audit conclusions and findings

Our Office worked with KPMG LLP the appointed auditor for SHC. We used the framework recommended by the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* (to view a copy of this report, see our web site at http://www.auditor.sk.ca/rrd.html). Our Office and KPMG LLP formed the opinions below.

In our opinion, for the year ended December 31, 2002:

- **SHC's financial statements are reliable;**
- **SHC had adequate rules and procedures to safeguard and control its assets; and**
- **SHC complied with the authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing.**

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Pensions

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Main points

In this chapter, we report the result of our study of the adequacy of governance processes for the Government's 14 pension plans. We studied the governance processes these pension plans used for the period October 1, 2001 to September 30, 2002.

We found that the Government's pension plans need to improve their governance processes. The pension plans recognize that they need to improve their governance processes. About half of those plans have undertaken projects to do so. We make six recommendations to help the pension plans make those improvements. We recommend that the pensions plan boards develop strategic plans, define responsibilities and their operational information needs, develop communication plans, and establish policies for code of conduct and governance self assessment.

Over the next few years, we plan to assess the pension plans' progress toward improving their governance processes.

Glossary

Beneficiary – a person who receives or is entitled to receive benefits.

Defined benefit pension plan – a pension plan that specifies the pension that members of the plan receive on retirement or the method of determining the pension.

Defined contribution pension plan – a pension plan in which the members' contributions are fixed, usually as a percentage of pay (except for the Saskatchewan Pension Plan, whose members can contribute up to $600 each per year). A member's pension is based on the member's and the employer's contributions made on behalf of the member and investment earnings on those contributions.

Fiduciary responsibility – under common law, board members owe a duty of loyalty to those persons whose interests they are protecting. Board members cannot be in a conflict of interest with their board duties or profit from their board duties because of personal interests. Board members must deal fairly with the members of the plan.

Government enterprises – are government organizations that have the financial and operating authority to carry on a business. This includes contracting in their own name and selling goods and services to individuals and non-government organizations as their principle activity and source of revenue (e.g., Saskatchewan Power Corporation, SaskEnergy Incorporated).

Government service organizations – are all government organizations except government enterprises (e.g., Saskatchewan Health, Saskatchewan Learning).

Pension liability – the present value of pension benefits earned as determined by an actuary using the pension plan's best estimates about future events and an appropriate actuarial method as recommended by The Canadian Institute of Chartered Accountants for accounting purposes.

Pension plan board – is the oversight body identified in the pension plan's act or plan document that acts as the administrator and is the body to which plan management reports. The pension plan board may be referred to as a committee, commission, or trustees in some cases.

Unfunded liability – the amount by which the pension liability exceeds the assets of the pension plan.

Purpose of chapter

The Government's pension plans are significant to the Legislative Assembly, members of the pension plans, and the public. The Government incurs significant cost to provide pension benefits. In addition, through the plans, the Government manages a significant amount of assets and pension liabilities. Note 7 to the Government's summary financial statements for the year ended March 31, 2002 shows an unfunded pension liability of $3.9 billion for government service organizations and a pension surplus of $97 million for government enterprises.

In this chapter, we report the results of our study of the governance processes of the Government's 14 pension plans (see Exhibit on page 170) and our future work plan.

Governance processes

In our 2001 Spring Report, we said we planned to study the governance processes of the Government's pension plans and report in a future report. We have now completed that work.

When a pension promise is made, this is the first step in the creation of a complex arrangement known as a pension plan. The appropriate management and oversight of this complex arrangement is critical to the fulfilment of the pension promise for both defined contribution and defined benefit plans. The Government's pension plans are no exception.

Importance of governance processes

The Government must ensure that all its pension plans have good governance processes. Good governance processes help to ensure that the Government can pay the pensions promised. If pension plans do not have adequate governance processes, the Government may have difficulty paying the pensions promised for its defined benefit pension plans. For government run defined contribution pension plans, the Government and its members may find that there is not adequate money in each member's account to provide a reasonable pension.

In Saskatchewan, most government pension plans have their own Acts. A few, under *The Pension Benefits Act, 1992*, have plan documents. The Acts and plan documents are complicated. Also, each Act or plan document is unique. These Acts or plan documents give varying powers and duties to the pension plans' oversight bodies (the pension plan boards).

These complexities and differences from plan to plan increase the risk that the plan, the board, or the Government may inadvertently make a mistake, or be perceived to have made a mistake. Pension plans can reduce this risk by ensuring their board members have appropriate knowledge and skills. If a mistake occurs, the members of the plan, collectively or individually, can hold the parties involved accountable.

The problems that can occur are not restricted to a direct violation of a specific section of a pension Act or plan document, but can involve the application of common law. In recent years, the courts have increasingly used the concept of fiduciary responsibility as a tool to remedy perceived inequities. The Supreme Court of Canada has dealt with the issue of fiduciary obligations in a number of recent cases. While the concept of fiduciary duty is subject to different interpretations, the one overriding feature of a fiduciary relationship is the dependency or vulnerability of the beneficiary.

The dependency or vulnerability of the beneficiary can range from the use of pension plan surpluses, to day-to-day decisions, and in some cases, to the right to receive a pension. In several government pension plan Acts, wording, such as, "no allowance shall be granted to the widow or child of a superannuate or employee if the widow or child is in the opinion of the board unworthy of it", still exists. Obviously, pension plan boards have the ability to exercise significant power over beneficiaries.

In the use of this power, there is risk that the board may not fulfil its fiduciary responsibility in a given case or cases and/or across a period of time. Good pension governance processes can manage and control this risk. The Government can reduce the risk of lawsuits by ensuring that boards of pension plans use sound governance processes.

Objective of our work

The objective of our work was to study the adequacy of governance processes used by the Government's pension plans.

We studied the governance processes the Government's pension plans used for the period October 1, 2001 to September 30, 2002.

Criteria

Auditors use criteria to evaluate the matters that they examine. Criteria are reasonable and attainable standards of performance and control against which auditors can assess the adequacy of systems and practices. To complete our study, we developed criteria based upon our review of relevant literature and best practices. We provided our proposed criteria to the pension plans' administrators for comments and suggestions. We received plan administrators' suggestions and made necessary changes to our criteria. We reported the proposed criteria in our 2001 Fall Report – Volume 2. The administrators supported the revised criteria.

We used the following criteria for the Government's pension plans for our study.

Pension plans should have processes to ensure that:

- Board members have adequate knowledge.
- The board approves an appropriate delegation of authority.
- Board decisions are properly documented.
- The board monitors operations on an on-going basis.
- The board has an appropriate external communication policy.

Assurance standards

We completed our work in accordance with the standards for assurance engagements established by The Canadian Institute of Chartered

Accountants and obtained a moderate level of assurance. We did the procedures we considered necessary to meet those standards. Our procedures consisted of studying relevant documents, and discussion and analysis. Our work does not constitute an audit.

Our conclusions

Based on our work, we concluded that the Government's pension plans need to improve their governance processes. The pension plans recognize that they need to improve their governance processes. About half of the Government's pension plans have projects underway to improve governance processes.

Boards and appointing bodies did not always have processes to ensure that all board members have adequate knowledge. Also, most boards did not have processes to clearly delegate authority to their management and in some cases, they did not document and approve their delegation of authority to outside professionals. While boards generally documented their decisions well, they often did not clearly set out their role and responsibilities. Nor did most of them have strategic plans including a summary of the risks the plans and their members face, the key strategies to manage those risks, and the goals and objectives of the plans.

Managers of the pension plans generally provided timely reports to the boards. However, boards did not specifically approve policies outlining all of the reports and information that they need from management and outside professionals. Most boards did not have a written code of conduct for board members and management. Nor did they have documented policies for board self-assessment. Also, most boards did not have a documented communication policy.

The following recommendations are intended to help the Government's pension plans improve their governance processes.

We recommend that the Government's pension plan boards:

1. **develop and implement strategic plans that include the goals and objectives of the plan, a summary of the risks faced by**

the plan and its members, and the key strategies to manage those risks;

2. clearly set out the specific responsibilities of the board including clear delegation of authority, and an education plan for board members and management;

3. define and communicate the financial and operational information that the boards need to oversee the plans;

4. establish an appropriate code of conduct for board members, management and employees of the plans;

5. develop and implement written communication plans; and

6. establish policies for periodic governance self assessment.

Our findings

We describe below our detailed findings for each criterion. For each criterion, we set out what we expected (in italics) and what we found.

Board members have adequate knowledge

We expected pension plan boards to:

- *have a clear understanding of what to do, why to do it, and to whom they are accountable;*
- *define a clear mission statement for their plans;*
- *be qualified and knowledgeable to adequately carryout their duties and responsibilities; and*
- *maintain qualified and knowledgeable board members and management and have a written succession plan that identifies the required skills and knowledge.*

We found that pension plans need to improve their understanding of what to do, why to do it, and to whom they are accountable. Pension plans do have an understanding of these issues from their legislation or plan document, but it is not always clear and complete. A number of pension plans recognize they need to make improvements in this area. These

pension plans have governance projects underway. Part of the governance projects will address what the plans do, why they do it, and to whom they are accountable.

To ensure that staff can contribute fully in achieving an organization's objectives, they must understand what the organization does and why. An organization's mission statement usually defines and communicates to its staff what the organization does and why. Pension plans need to develop mission statements that clearly define what the pension plans do and why. We found that only four plans have developed mission statements. Three other plans are developing mission statements.

Pension boards generally do not have processes to ensure board members have adequate knowledge and skills to oversee the pension plans. Boards did not have documented training plans for board members. However, some boards offer ad hoc orientation sessions to new board members. Also, some pension plans set aside money each year so that board members, at their discretion, can use it for training courses and conferences.

Some plans have recognized the importance of necessary skills and knowledge for their board members. These plans have begun to develop guidelines for standard skills and knowledge for board members to oversee pension plans. We understand that these plans, on completion of these standards, intend to provide these standards to the authorities that appoint board members.

Pension plans generally have adequate processes to ensure they hire and maintain properly qualified and knowledgeable management. Pension plans do this through hiring practices that match candidates' competencies to required competencies for vacant positions. However, pension plans do not have documented training plans to ensure senior management collectively continue to maintain competencies necessary for managing pension plans.

Most pension plans did not have documented succession-planning policies for board members and senior management. Only three pension plans had documented succession plans for their senior management.

The board approves an appropriate delegation of authority

We expected the pension plans to have:

- *documented their delegations of authority in accordance with legislation and plan arrangements;*
- *documented their understandings of the roles and responsibilities with those who provide day-to-day administration for the plans; and*
- *contracts/agreements for outside professionals (e.g. actuaries, custodians, investment managers, asset consultants) setting out what those professionals can do and when.*

Management structures for the Government's pension plans vary. Some pension plans have employees while others do not. Also, some pension plans have delegated day-to-day administration to another agency of the Government. As a result, the delegation of authority for most pension plans is often not clear. When boards do not establish and clearly communicate their delegation of authority, there is a risk that some important tasks may not be done at all or done late. This could result in unsatisfied members, additional costs, and a loss of public confidence.

We found that most pension plans did not have processes to clearly document their delegations of authority. Only two pension plan boards have clearly documented and communicated the authorities and responsibilities delegated to management.

The way pension plans delegate authorities and responsibilities to outside professionals varies. Many plans delegated authorities and responsibilities to outside professionals in their statements of investment objectives. These statements describe the types of outside professionals they engaged and what the plans expected from those professionals. However, some plans did not include authorities and responsibilities for all outside professionals in their statements of objectives. Some plans did not document their delegations of authorities to the outside professionals by other means, e.g., contracts setting out what the outside professional will do and for what price.

Most pension plans did not have a documented selection process for outside professionals. For example, only one pension plan had an approved documented selection process for hiring investment managers.

Board decisions are properly documented

We expected pension plan boards to have clearly documented:

- *the boards' roles and responsibilities;*
- *decisions regarding the investment of the pension plans' money;*
- *a strategic plan including pension plans' goals and objectives; and*
- *the key risks faced by pension plans and their members and the key strategies to manage those risks.*

Most boards recognize the importance of clearly documenting their decisions. Seven of the boards have either set out their roles and responsibilities in writing or are currently doing so. Four of the boards have done this in their plan documents or trust agreements. One board set out its role and responsibilities many years ago. This board is currently reviewing its role and responsibilities to ensure they are still appropriate. Two boards have recently developed and documented their roles and responsibilities. These two boards are nearing the completion of their governance processes and expect to implement those processes soon.

We found that nearly all boards documented their decisions for investing the plans' money. All boards document minutes of board meetings and appropriately retain those minutes.

Only one board has approved a strategic plan including the key risks that the pension plan and its members face and the strategies to manage those risks. Two other boards are currently developing strategic plans.

The board monitors operations on an on-going basis

We expected the pension boards would:

- *have clearly set out their needs for regular reports from management and outside professionals;*

- *receive and review regular, accurate, and timely reports from management and outside professionals;*
- *ensure that the pension plans comply with the laws;*
- *have a written code of conduct for board members, management, and employees of the plans; and*
- *have governance self-assessments to ensure their processes continue to be effective.*

We found that the boards had not clearly documented their reporting needs for management and outside professionals. We reviewed the reports that some boards received from management and their outside professionals. We found those reports timely and had sufficient detail for the board members to understand and challenge management and/or the outside professionals. Boards have recognized the importance of defining their reporting needs to adequately oversee the plans' operations. About half of the boards we reviewed have projects underway to improve governance processes. These projects include setting out clearly the reporting needs of the boards.

Most boards did not have documented codes of conduct for board members, management, and the plans' employees. Only two boards had documented such a code of conduct.

We found five pension plans did not comply with the laws. One pension plan did not submit its 2001 financial statements to the Legislative Assembly as required by the law. This pension plan has now submitted its 2001 financial statements to the Assembly. Four other pension plans did not have processes to ensure compliance with the law when retired members receiving a pension return to work for the Government. These pension plans should establish processes to ensure all retired members receiving a pension, who have returned to work for the Government, are paid in accordance with the law or seek changes to the law.

We also reported this matter in our 2001 Spring Report – Volume 2. In November 2001, the Standing Committee on Public Accounts considered this matter and concurred with our recommendation.

We also found that most boards do not have documented processes for governance self-assessments. One board had documented its plan to formally assess its governance processes regularly. This board

completed its governance self-assessment in 2001. Because of this assessment, the board has projects currently underway to improve governance. Five other boards also have governance projects underway and expect to address governance self-assessment as those projects move forward.

The board has an appropriate external communication policy

We expected the boards would have:

- *approved a written external communication policy including standards for preparing the plans' annual reports;*
- *approved how to communicate with plan members and other stakeholders; and*
- *an appropriate process to educate and fully inform plan members when they bear the investment risk.*

We found that only three of the Government's pension plans had a documented communication policy. Two of these three pension plans had specific board approved external communication policies and the remaining one had its communication policy included in its plan document. Only one of these three plans requires the distribution of the plan's annual report to its members. Another plan did not have a formal communication policy, but distributes its annual report to its members.

None of the boards approved a policy requiring disclosure of the plans' governance principles and processes in their annual reports and whether they have been followed.

In a defined contribution pension plan, the plan members bear the investment risk. Members of such plans need to have a clear understanding of the risks associated with the plan's investments because the members bear the ultimate investment risks. If such pension plans do not manage the investments well, the members may not receive the pensions they expected. Accordingly, boards of such plans should ensure that the plan members have the necessary information to understand the risks before making investment decisions. We found that the boards of the Government's defined contribution plans did not have any approved policies to help ensure the plan members have the required information and understanding to make investment decisions. Such plans

did provide some information to plan members through the plans' web sites and occasional newsletters.

Our work plan for the next few years

Over the next few years, we plan to assess the pension plans' progress toward improving their governance processes. Also, we will assess the pension plans' progress to implement our past recommendations and their progress toward improving their annual reports.

As we note in this chapter, pensions are complex arrangements. The laws governing pensions are also complex. Next year, we plan to study and report best practices followed by pension plan regulators in Canada so that we can assess the adequacy of processes for regulating pension plans in Saskatchewan.

Exhibit

Government pension plans

This chapter reports on 14 of the Government's pension plans. There are nine defined benefit plans and five defined contribution plans.

On July 3, 2002, the Legislative Assembly passed *The Members of the Legislative Assembly Benefits Act* (Act) to disestablish The Members of the Legislative Assembly Superannuation Plan (Plan) effective September 1, 2002. In summary, under the Act, members of the defined contribution component will become members of the Public Employees Pension Plan. Pensions to retired members of the defined benefit component will continue to be paid by the General Revenue Fund. Therefore, the defined benefit and defined contribution components of the Plan are not included in this work.

In **defined benefit plans**, the Government promises to pay each member a pension based on the member's salary and years of service. For the Municipal Employees' Pension Plan, the municipal employers and school boards promise to pay the pensions. In 1978 (1980 for the Teachers' Superannuation Plan), the Government reduced its risk that its pension costs would be greater than expected, by closing its defined benefit pension plans to new members, except for the Judges of the Provincial Court Superannuation Plan and the Municipal Employees' Pension Plan. Since 1978 (1980 for the Teachers' Superannuation Plan), new Government employees become members of defined contribution plans.

The nine defined benefit plans included in this chapter are:

- Judges of the Provincial Court Superannuation Plan;
- Liquor Board Superannuation Plan;
- Municipal Employees' Pension Plan;
- Public Service Superannuation Plan;
- Power Corporation Superannuation Plan;
- Saskatchewan Government Insurance Superannuation Plan;
- Saskatchewan Telecommunications Pension Plan;
- Teachers' Superannuation Plan; and
- Workers' Compensation Board Superannuation Plan.

In **defined contribution plans**, the Government and the plan member each pay a fixed percentage of the member's salary into a fund (the Government no longer contributes for the Saskatchewan Pension Plan and members do not contribute for Saskatchewan Research Council Employees' Pension Plan). The member's pension is based on the accumulated contributions (i.e., total contributions made by the member and the Government over the member's career) and the investment earnings on these contributions.

The five defined contribution plans included in this chapter are:

- Capital Pension Plan Inc. (this plan includes employees of the Saskatchewan Gaming Corporation, Saskatchewan Government Insurance, Saskatchewan Transportation Company, Saskatchewan Water Corporation, and certain other agencies);
- Public Employees Pension Plan (this plan includes employees hired by the Public Service Commission, Saskatchewan Telecommunications, and Saskatchewan Power Corporation);
- Saskatchewan Pension Plan;
- Saskatchewan Research Council Employees' Pension Plan; and
- Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission.

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Crown Investments Corporation of Saskatchewan

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Main points

In this chapter, we report the results of the audits of Crown Investments Corporation of Saskatchewan (CIC) and its related entities for the year ended December 31, 2002.

For CIC and seven of its related entities whose audits are complete, we concluded that the financial statements are reliable; they have adequate systems and practices to safeguard and control their assets; and they have complied with authorities governing their activities.

This chapter also discusses our February 2003 report to the Standing Committee on Crown Corporations regarding *Disclosure of payee information by CIC Crown corporations and related entities.* The CIC Crown corporation sector accounts for 40% of Government spending, yet it provides limited information about its spending compared to the rest of the Government. We want to ensure that public business is made public, unless disclosure impairs personal privacy or the economic interests of the Government or a third party. We provide a suggested process that legislators can use to ensure they receive the information they need to hold the Government accountable.

We recommend that each Crown corporation provide the Legislative Assembly with a list of persons who received money and the amounts they received, unless public disclosure would impair personal privacy or the corporation's or a third party's economic interests. We do not recommend disclosing any information that would impair personal privacy as set out in the law. In the rare instances where public disclosure of the information would impair an economic interest, we recommend that the corporation disclose the information in a private (in camera) meeting of the Standing Committee on Crown Corporations. To assist legislators in deciding what information would impair personal privacy or economic interests, we recommend that the Standing Committee on Crown Corporations should seek independent legal advice from the Information and Privacy Commissioner.

Introduction

Crown Investments Corporation of Saskatchewan (CIC) is the holding company for many of Saskatchewan's Crown corporations such as Saskatchewan Power Corporation, SaskEnergy Incorporated, and Saskatchewan Telecommunications. CIC is responsible for establishing the strategic direction for these subsidiaries and for monitoring their performance. CIC's Board provides advice about these subsidiaries to Executive Council (Cabinet). CIC is also responsible for managing a diverse portfolio of investments in areas such as heavy oil upgrading, fertilizer manufacturing, food and wood processing, and venture capital funds.

CIC's 2002 Annual Report contains three sets of financial statements. The first set shows CIC's financial results consolidated with those of its subsidiaries. The second set shows the financial results of activities of CIC, the legal entity. The third set shows the financial results of activities that CIC manages through its subsidiary CIC Industrial Interests Inc. (CIC III). The Legislative Assembly asked CIC to prepare the latter two sets of financial statements to provide additional information to show how CIC managed the assets entrusted to it by the Assembly.

The 2002 consolidated financial statements show CIC had revenue of $3.5 billion, net income of $284 million, and held assets of $8.1 billion.

Our audit conclusions and findings

This chapter contains our audit conclusions and findings for:

- Entities with 2001 fiscal year-ends, which were not completed in time to include in our 2002 Spring or Fall Reports:
  - 101012875 Saskatchewan Ltd.; and
  - 101012876 Saskatchewan Ltd.

- Entities with 2002 fiscal year-ends:
  - CIC (includes CIC III);
  - CIC Pulp Ltd.;
  - CIC Foods Inc.;
  - Genex Swine Group Inc.;

- Saskatchewan Valley Potato Corporation; and
- Capital Pension Plan.

The 2002 audits of the following entities are not complete. We will report the results of these audits in a future report.

- 101012875 Saskatchewan Ltd.;
- 101012876 Saskatchewan Ltd.;
- 101026817 Saskatchewan Ltd.;
- CIC Ventures Inc.; and
- CIC OSB Products Inc.

Our Office worked with CIC's appointed auditor, KPMG LLP, to form our opinions using the framework recommended in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* (to view this report, see our web site at http://www.auditor.sk.ca/rrd.html). Our Office and KPMG LLP formed the following opinions.

In our opinion, for the audits we have completed:

- **the financial statements of each of the entities are reliable;**
- **each of the entities had adequate rules and procedures to safeguard and control its assets; and**
- **each of the entities complied with authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing.**

In addition, we also report on a matter related to the public accountability of CIC and its related entities.

Public accountability information

List of persons who received public money

As in previous reports, we note that CIC and its related entities provide limited information about their spending compared to the rest of Government. They do not give the Legislative Assembly a complete list of

persons who received public money. The Standing Committee on Crown Corporations discussed this matter in December 2001. It asked CIC and our Office to review how the recommended process for disclosing payee information should apply to CIC Crown corporations and their related entities. In February 2003, CIC and our Office submitted reports on this matter to the Committee. To view a copy of our report, *Disclosure of payee information by CIC Crown corporations and related entities*, see our web site at http://www.auditor.sk.ca/saskrepfull.nsf/html/2003payee.html.

In our report, we noted that the objective of recommending a process for disclosing payee information is to ensure that legislators receive the information they need to hold the Government accountable for its spending. We want a process that ensures public business is made public, unless disclosure impairs personal privacy or the economic interests of the Government or a third party. Where public disclosure would impair those economic interests, it is important that legislators still receive the necessary information, but in private (in camera), to hold the Government accountable. We do not recommend disclosing any information that would impair personal privacy as set out in the law. We also want the process to ensure that legislators get independent legal advice to help them make these decisions.

We recommend that each Crown corporation give the Legislative Assembly a list of persons who received money and the amounts they received, unless public disclosure would impair personal privacy or the corporation's or a third party's economic interests. The onus is on the corporation to convince the Committee that public disclosure of payee information would impair those economic interests. In the rare instances where public disclosure of the information would impair an economic interest, we recommend that the corporation disclose the information in a private (in camera) Committee meeting.

To assist legislators in deciding what information would impair personal privacy or the economic interests of a Crown corporation or third party, we recommend that the Committee should seek independent legal advice. We think that the Information and Privacy Commissioner is the best person to assist the Committee because he is an independent officer of the Legislature and has expertise in making those types of decisions.

The Committee should ask the Commissioner to provide his advice and recommendations by calling him to appear before the Committee.

On March 4, 2003, the Committee met to address this issue. The Committee referred the matter, regarding what information CIC Crown corporations should disclose and to whom, to the Information and Privacy Commissioner for his advice and recommendation. The Commissioner responded to the Committee on March 31, 2003. He agreed with the recommendation in our report. He also noted that the Committee should provide clear direction and should demand consistent, full disclosure from all Crown corporations. To obtain a copy of the Commissioner's response, contact the Office of the Clerk of the Legislative Assembly and ask for document number CCC-278/24. The Committee has not yet met to consider the Commissioner's response.

Saskatchewan Water Corporation

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Main points

In this chapter, we report the results of our audit of Saskatchewan Water Corporation (Sask Water) for the year ended December 31, 2002. We concluded that Sask Water's financial statements are reliable. From our audit of Sask Water's practices to safeguard public resources, we concluded that Sask Water needs to ensure its information technology data is secure. We also found that Sask Water complied with the authorities governing its activities.

In prior years, we recommended that Sask Water improve its annual reports. We are pleased to report that Sask Water significantly improved its annual report for the year ended December 31, 2002.

Introduction

From January 1, 2002 through September 30, 2002, the Saskatchewan Water Corporation (Sask Water) operated under the authority of *The Water Corporation Act.* Under this Act, Sask Water managed, developed, controlled, and protected the water and related land resources of Saskatchewan. On October 1, 2002 that Act was replaced by *The Saskatchewan Water Corporation Act.* Under this new Act, Sask Water's mandate is to construct, acquire, manage, or operate waterworks and to provide services in accordance with agreements it makes under the Act.

At December 31, 2002, Sask Water held assets of $70.1 million, had revenues of $30.2 million, and had expenses of $33.5 million. Sask Water's 2002 Annual Report includes its financial statements.

Our audit conclusions and findings

Our Office worked with Meyers Norris Penny LLP, the appointed auditor for Sask Water, using the framework recommended in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors* (to view a copy of this report, see our web site at http://www.auditor.sk.ca/rrd.html). The appointed auditor and our Office formed the opinions below.

In our opinion, for the year ended December 31, 2002:

- **Sask Water's financial statements are reliable;**
- **Sask Water complied with the authorities governing its activities relating to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing; and**
- **Sask Water had adequate rules and procedures to safeguard and control its assets except that it needs to set appropriate security policies to protect its information technology data.**

We also report one other matter for the attention of the Legislative Assembly (Assembly) and provide a progress report on a prior recommendation that Sask Water has addressed.

Better security needed

In past reports to the Assembly, we recommended that Sask Water set appropriate security policies for its information technology (IT) systems and data. In December 2001, the Standing Committee on Crown Corporations agreed with this recommendation.

Beginning in October 2002, Sask Water purchases by contract its corporate services functions (i.e., finance and administration, human resources, information systems, and legal) from the Saskatchewan Watershed Authority (Authority). Therefore, to deliver its services to customers, ensure compliance with authorities, and manage its financial affairs, Sask Water now depends on IT services purchased from the Authority. Sask Water needs to know that the Authority protects Sask Water's IT data from unauthorized access and accidental or deliberate destruction.

Sask Water has a contractual agreement with the Authority that sets out the responsibilities of each party. Under the agreement, the Authority is responsible for managing IT policies including security. As of December 31, 2002, Sask Water had not received assurance that the Authority had a formal corporate security policy or an approved and tested disaster recovery plan. Without this assurance, Sask Water does not know whether its data is adequately protected. Sask Water is at risk of incurring financial losses caused by: the release of confidential information, decisions based on incorrect information, or the loss of information. Therefore, we continue to recommend that Sask Water ensure that appropriate security policies and procedures are in place to protect its data.

Management of Sask Water told us that it has requested the Authority to implement appropriate security policies and procedures to protect the interests of Sask Water.

List of persons who received public money

In past reports to the Assembly, we recommended that Sask Water annually provide the Assembly with a list of persons who received public money. As of December 2002, Sask Water did not provide such a listing to the Assembly. This is consistent with other Crown Investments

Corporation of Saskatchewan's Crowns. Chapter 11 of this report includes an update on this matter.

Annual Report improved

In our 2002 Spring Report to the Legislative Assembly, we recommended that Sask Water improve its annual reports. Sask Water's annual reports should describe the key risks that it faces in achieving its objectives and should provide reasons for significant differences between planned and actual results.

We reviewed Sask Water's Annual Report for the year ended December 31, 2002. We are pleased to report that Sask Water made improvements to this Annual Report. These improvements address our past recommendation.

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Standing Committee on Crown Corporations

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Main points

The Standing Committee on Crown Corporations (Committee) reviews the activities, performance, and reports of Crown corporations. During its review, the Committee can inquire about current concerns, future objectives, and past performance. The Committee also reviews significant transactions made by these corporations. Increasingly, the Committee's discussions relate to broader issues including strategic plans, key risks to achieving goals and objectives, and performance measurement. It also reviews chapters of our reports related to the Crown Investments Corporation of Saskatchewan and related corporations.

Through its work and recommendations, the Committee helps the Assembly hold the Government accountable for its management of these corporations. In the exhibit to this chapter, we set out the status of the Committee's outstanding recommendations and indicate whether they are not implemented or partially implemented.

Introduction

This chapter provides an overview of the role and responsibilities of the Standing Committee on Crown Corporations (Committee). We briefly describe what the Committee does, how it is structured, and how it works. We discuss the importance of the Committee's deliberations and recommendations. We highlight some of its recent accomplishments. In addition, in the exhibit to this chapter, we set out the status of the Committee's outstanding recommendations.

Overview of Committee's role and responsibilities

At the beginning of each Legislature, the Legislative Assembly appoints the members of the Committee. The Assembly refers the annual reports and financial statements of Crown corporations and related agencies to the Committee. The Committee uses these reports to review their operations. In addition, the Assembly refers the Provincial Auditor's reports (or parts of reports) that relate to the Crown Investments Corporation of Saskatchewan (CIC) and its related agencies to the Committee for review.

Our Office attends meetings of the Committee to help it in its reviews. The Committee also invites each corporation's appointed auditor to help the Committee in its review.

The Committee focuses on corporations that generate revenues from sources other than the General Revenue Fund. During its review, the Committee can inquire about issues of current concern, future objectives, and past performance. Because of the magnitude of financial activity that the Government manages through Crown corporations, the Committee has an important role. It helps the Assembly hold the Government accountable for its management of these corporations.

The Committee also requires Crown corporations to submit reports of their significant transactions. Significant transactions are defined as those that are material in amount and outside the ordinary course of business, or are judged by the Crown corporation to be sensitive and likely of interest to legislators and the public. These reports describe the transaction, the objectives of the transaction, its financial implications, and the authority for the transaction. Because Crown corporations must

submit these reports within 90 days after the transaction, the Committee can review them on a timely basis.

Crown corporation officials (and if requested, the Minister responsible for the corporation) attend the Committee's meetings. They answer questions about their corporation's financial results, plans and priorities, significant transactions, and related chapters in our reports. Periodically, the Committee formally reports its findings and recommendations to the Assembly.

The Committee's meetings are open to the public. Information about the composition of the Committee, as well as records of the Committee's meetings, i.e., Hansard verbatim, minutes, and reports, are publicly available on the Committee's web site (part of the Assembly's web site – http://www.legassembly.sk.ca/Committees/crcocomm.htm).

As with the Standing Committee on Public Accounts, this Committee's discussions and recommendations to the Assembly result in a more open and accountable Government and better management of Government operations. The Committee's work is crucial in a well-managed parliamentary system of government. The Committee provides a vital link in the chain of accountability over public resources. The work of the Committee also contributes to the public's confidence in our system of government.

Members of the Committee

At March 31, 2003, the members of the Committee are:

- Harry Van Mulligen, Chair
- Pat Atkinson, Vice-Chair
- Greg Brkich
- David Forbes
- D.F. (Yogi) Huyghebaert
- Carolyn Jones
- Don McMorris
- Peter Prebble
- Kim Trew
- Brad Wall

Committee activities

During 2002-03, the Committee met 17 times. It reviewed the annual reports and financial statements of 10 Crown corporations and their related agencies. In addition, it reviewed chapters 1 to 6 of our 2002 Spring Report, which relate to Crown corporations.

On December 9, 2002, the Committee issued its Third Report of the 3rd Session of the 24th Legislature. On March 25, 2003, it issued its Fourth Report (note: Fourth Report contains no recommendations).

Status of recommendations

The Committee's Third Report contains 19 recommendations. Some of these recommendations will take more than one year to implement. In the exhibit, we list those recommendations that the Government has not yet fully implemented as at December 31, 2002. They are classified as follows:

1. **Committee (CCC) concurs** – These are our Office's recommendations that the Committee supports, agrees, or concurs with. The Committee does not expect a formal response from the Government but does expect the Government to follow up on progress made in complying with the recommendations. In the exhibit, these recommendations are identified by a non-bold number (e.g., 4.1) preceding them. The non-bold numbers reflect the chapter and recommendation number of our related report.

2. **Committee recommends** – These are the Committee's recommendations. The Committee expects an official response or action by the Government. In the exhibit, these recommendations are identified by a bold number (e.g., **1**.) preceding them.

3. **Committee considered** – These are our Office's recommendations. The Committee has deferred them for future consideration, e.g., pending the presentation of additional information, or made its own recommendation on the matter.

For each outstanding recommendation, we assess the status of the recommendation and indicate whether it is not implemented or partially implemented using the following criteria:

Not implemented – Based on the last time that we audited the area or agency, the Government has not taken action on this recommendation.

Partially implemented – Based on the last time that we audited the area or agency, the Government has taken some action on this recommendation.

Summary

Increasingly, the Committee's discussions relate to broader issues including strategic plans, key risks to achieving goals and objectives, and performance measurement. We congratulate the Committee on fostering a more open and accountable Government and better management of Government operations.

We will continue to help the Committee carry out its important responsibilities. We encourage the implementation of the Committee's recommendations.

Exhibit – Outstanding recommendations

REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
Third Report of the 3rd Session of the 24th Legislature – tabled December 9, 2002		
2001 Spring	CCC considered: 11.1 The Government should clarify the law to require CIC and its Crown corporations to obtain Order in Council approval before purchasing or selling real property through a subsidiary.	**Not implemented.** The Committee asked CIC to review its procedures and report on the pros and cons of changing the legislation in the context of a commercial environment. Further consideration has been deferred as the Committee has not yet received a response to its request.
2001 Spring	CCC considered: 11.2 CIC and its subsidiaries should: publish a list of persons (e.g., employees, suppliers) who have received money from them and the amounts the persons received, following the Assembly's current disclosure requirements; or seek direction from the Crown Corporations Committee on alternate disclosure requirements that will achieve legislators' objectives for requiring this information.	**Not implemented.** The Committee asked CIC and our Office to prepare and submit a report on the proposed process. In February 2003, CIC and our Office submitted their reports to the Committee. In March 2003, the Committee asked the Information and Privacy Commissioner for his advice and recommendation on this matter. The Commissioner reported to the Committee on March 31, 2003.
2001 Spring	CCC considered: 11.3 The Crown Corporations Committee should follow the process set out in Exhibit 2 for deciding what information Government agencies should disclose and to whom. (The exhibit appears on page 210 of our 2001 Spring Report).	**Not implemented.** The Committee asked CIC and our Office to prepare and submit a report on the proposed process. In February 2003, CIC and our Office submitted their reports to the Committee. In March 2003, the Committee asked the Information and Privacy Commissioner for his advice and recommendation on this matter. The Commissioner reported to the Committee on March 31, 2003.

REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2001 Spring	CCC concurs: 11.4 The Government should change current laws to: - require subsidiaries of Crown corporations to obtain an Order in Council before purchasing shares; and - require Crown corporations and their subsidiaries to report the sale of shares to the Crown Corporations Committee within 90 days of the transaction date.	**Not implemented.** Legislative amendments have not yet been made.
2001 Spring	CCC concurs: 13.1 SaskWater should set appropriate security policies for its IT systems and data.	**Not implemented.** Policies have not yet been established.
2001 Fall	CCC concurs: 1.3 Information Services Corporation should perform a post-implementation review of the LAND Project and make the results available to all Government organizations.	**Not implemented.** We expect that the Corporation will complete this review in 2003.
2001 Fall	CCC concurs: 1.4 Information Services Corporation should receive monthly reports of the comparison between actual costs to date on the LAND Project to the budget to date.	**Not implemented.** The Corporation did not receive monthly reports comparing actual costs of the LAND Project to the budget to date.
2002 Spring	CCC concurs: 1.1 SaskPower should set out the benefit targets and measures for the System (integrated computer system and work processes) in its business plan and report the results achieved in its annual report.	**Not implemented**. When we made this recommendation, we planned to follow up its implementation in the Spring of 2004.
2002 Spring	CCC concurs: 1.2 SaskPower should establish policies to support a long-term continuous process improvement plan that includes training and support plans for its employees.	**Not implemented.** When we made this recommendation, we planned to follow up its implementation in the Spring of 2004.

REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2002 Spring	CCC concurs: 1.3 SaskPower should provide its Board of Directors with independent advice on benefit targets and measures, the effectiveness of the new work processes, and on the reliability of key reports.	**Not implemented.** When we made this recommendation, we planned to follow up its implementation in the Spring of 2004.
2002	The Committee recommends: **1**. The provincial Government consider the recommendation on page 35 of the Dillon Consulting Ltd. report to the Saskatchewan Rate Review Panel. (Dillon suggested that SaskPower consider treating SaskPower International (SPI) as a fully cost-accounted, non-regulated company. Otherwise, SaskPower's ratepayers will be at risk to cover the potential costs of SPI's investments, due to SPI's forecasted losses.)	**Not implemented.** The Committee has not yet received a response from the Government concerning the implementation of this recommendation.
2002	The Committee recommends: **2**. SaskPower undertake a careful and thoughtful analysis of the rapidly changing electrical utility regulatory regimes of other North American jurisdictions, their applicability to SaskPower, its subsidiaries, and its activities in order to minimize risks to SaskPower ratepayers and remove the potential for investment losses by SPI [SaskPower International] therefore putting upward pressure on the rates of SaskPower customers.	**Not implemented.** The Committee has not yet received a response from the Government concerning the implementation of this recommendation.
2002	The Committee recommends: **3**. The provincial Government update the fair wages clause included in Crown corporation tenders per Order in Council No. 301/44, March 23, 1944.	**Not implemented.** The Committee has not yet received a response from the Government concerning the implementation of this recommendation.

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Standing Committee on Public Accounts

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Main points

The Standing Committee on Public Accounts (Committee) is a key agent of change for improving the Government's management of public resources. The Committee reviews the activities, performance, and reports of all government departments, agencies, and Crown corporations included in the public accounts. During its review, the Committee can inquire about current concerns, future objectives, and past performance. Increasingly, the Committee's discussions relate to broader issues including strategic plans, key risks to achieving goals and objectives, and performance measurement.

Through its work and recommendations, the Committee helps the Legislative Assembly hold the Government accountable for its spending of taxpayers' money and for its stewardship over public assets. The Government has fully implemented 80% of the Committee's recommendations and partially implemented 61% of the remaining recommendations.

In the exhibit to this chapter, we set out the status of the Committee's outstanding recommendations and indicate whether they are not implemented or partially implemented. Where possible, we also indicate the progress made since our 2002 Spring Report.

Introduction

This chapter provides an overview of the role and responsibilities of the Standing Committee on Public Accounts (Committee). We briefly describe what the Committee does, how it is structured, and how it works.

We discuss the importance of the Committee's deliberations and recommendations and highlight some of its recent accomplishments. Also, in the exhibit to the chapter, we set out the status of outstanding recommendations of the Committee. Reviewing these outstanding recommendations provides the Committee members with an opportunity to ask Government officials how they are progressing towards meeting the Committee's expectations.

Overview of Committee's role and responsibilities

At the beginning of each Legislature, the Legislative Assembly (Assembly) appoints members of the Committee. The Committee helps the Assembly hold the Government accountable for its management of public resources. We view this Committee as the audit committee for the Assembly and thus, for the public.

The management of public resources begins and ends in the Assembly. The Assembly refers to the Committee the public accounts of the Government of Saskatchewan and the reports of our Office. The Committee uses these reports to review the Government's management of public resources.

The Government manages Saskatchewan's public resources through a vast and complex structure of nearly 300 agencies, including departments, boards, and Crown corporations (see Appendix 2 to this Report for a list of these agencies).

The Committee's main objective is to discuss and recommend actions on issues that Committee members and our Office raise. To meet its responsibilities, the Committee examines and evaluates the activities of all government agencies (e.g., departments, Crown corporations) included in the public accounts. It also reviews the issues raised in our reports on the results of our work at these agencies.

The Committee has access to all government agencies and their officials. The officials attend the Committee meetings and answer questions about the administration of their programs. Our Office attends the meetings to help the Committee in its reviews.

The Committee formally reports its findings and recommendations to the Assembly in written reports.

The Committee is not fundamentally concerned with matters of policy. Rather, it questions the economy and effectiveness of the administration of government programs.

The Committee's discussions and recommendations to the Assembly result in a more open and accountable government and in better management of government operations. By questioning, requesting information, and making recommendations in its reports to the Assembly, the Committee also acts as an agent of change in the practices of government management. The Committee's work is crucial in a well-managed parliamentary system of government. The Committee provides a vital link in the chain of accountability over public resources.

The work of the Committee contributes to the public's confidence in our system of government.

The Committee's meetings are open to the public. Information about the composition of the Committee as well as records of the Committee's meetings, i.e., Hansard verbatims, minutes, and reports, are available to the public on the Committee's web page (which is part of the Assembly's Internet web site – http://www.legassembly.sk.ca/committees/paccomm.htm).

The members of the Standing Committee on Public Accounts

The members of the Committee at its most recent sitting in the third session of the 24th Legislature were:

- Ken Krawetz, Chair
- Ron Harper, Vice-Chair
- Pat Atkinson

- Rod Gantefoer
- Keith Goulet
- Judy Junor
- Carl Kwiatkowski
- Lyle Stewart
- Milton Wakefield
- Warren McCall

Key Committee accomplishments

In this section, we describe certain accomplishments of the Committee since the spring of 2002. During this time, the Committee continued its review of a number of our reports on the results of our work at government agencies. These include our 1999 Fall Report (Volume 2), 2001 Spring Report, 2001 Fall Report (Volumes 1 and 2), 2002 Spring Report, and 2002 Fall Report (Volumes 1 and 2). During 2002-2003, the Committee met four times to discuss our reports. The Committee has made good progress in reviewing our reports. It has not yet prepared a Report to the Assembly setting out its recommendations resulting from its review in 2002-2003.

The Committee's last report setting out recommendations, other than for changes to our Act, is the Committee's Third Report of the 24th Legislature. The Committee presented this Report on June 20, 2002. That Report contains over 280 recommendations. The Assembly concurred in the Report. The Government responded to the Report on October 17, 2002.

At this time, the Committee has not yet completed its review of the following reports of the work of our Office at government agencies:

- 1999 Spring Report (one chapter outstanding);
- 2000 Fall Report – Volume 2;
- 2001 Fall Report – Volume 2 (two chapters outstanding); and
- 2002 Fall Report – Volume 2.

The Committee has not met to discuss our reports since we issued our 2002 Fall Report – Volume 2. The majority of the remaining outstanding reports and chapters relate to Saskatchewan Liquor and Gaming Authority and Saskatchewan Indian Gaming Authority. The Committee

chose to defer discussion of these reports and chapters based on advice the Committee received from the Department of Justice.

Status of recommendations of the Committee

The Committee's reports during the previous five years contain 336 recommendations. Some of these recommendations may take a number of years to implement. As of March 2003, the Government has fully implemented 80% (March 2002 – 78%) of the Committee's recommendations. Also, it has partially implemented 61% (March 2002 – 61%) of the remaining recommendations.

The Committee has asked us to monitor compliance with its recommendations and to report on their status. In the exhibit, we provide an update on the status of the Committee's recommendations. The exhibit lists all of the Committee's recommendations that are not yet fully implemented.

Key terms used in the exhibit

Each recommendation in the exhibit includes a reference to a "PAC Report Year." This reference is to the year that the Committee first made the recommendation. In the "Outstanding Recommendation" column of the exhibit, we set out those recommendations that the Government has not yet fully implemented. Starting with the 23rd Legislature, the Committee's reports contain two types of recommendations. They are:

1. **Committee recommendations** on which the Committee expects an official response from the Government. In the exhibit, these recommendations are set out in bold type and are preceded by **CR** (e.g., **CR3**).

2. **Committee concurs with recommendations** of our Office. These are our Office's recommendations which the Committee supports, agrees, or concurs with but on which it **does not expect a formal response** from the Government. Because these recommendations are a matter of ongoing record, the Committee expects the Government to follow up on progress in complying with the recommendations. In the exhibit, these recommendations are identified by a non-bolded number (e.g., 10.46) preceding

them. The non-bolded numbers reflect the chapter and paragraph number of our related report.

For each outstanding recommendation, we assess the status of the recommendation. We indicate the date of our assessment in parentheses. Generally, the date of our last assessment is based on the timing of our most recent audit work. We list the status of each recommendation as either not implemented or partially implemented.

Not implemented – Based on the last time that we audited the area or agency, the Government has not taken action on this recommendation.

Partially implemented – Based on the last time that we audited the area or agency, the Government has taken some action on this recommendation.

Where possible, in the status column, we indicate progress made since the 2002 Spring Report.

When the Committee recommends that the Government examine, consider, study, or review an issue, the Committee needs to know what the Government decided and why the decision was taken. The Committee expects the Government's response to:

- clearly define the issue;
- set out the sources of supporting information gathered by surveys, interviews, or literature searches;
- outline the major factors involved—the pros and cons; and
- describe the action it proposes to take.

Summary

Increasingly, the Committee's discussions relate to broader issues including strategic plans, key risks to achieving goals and objectives, and performance measurement. We congratulate the Committee for fostering a more open and accountable government and better management of government operations.

We intend to continue helping the Committee carry out its important responsibilities. We will encourage the implementation of the Committee's recommendations. In future reports, we will continue to monitor the status of its recommendations.

Exhibit – Status of outstanding Committee recommendations

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
Cross-Government		
1993	**CR12a,b.** The Government should establish consistent policies for entertainment, employee recognition, advertising and donations for all organizations and the policies should be made public.	**Not implemented** (as at March 31, 2003). The Government does not have consistent policies for entertainment, employee recognition, advertising, and donations for all organizations.
1993	**CR12c.** *The Legislative Secretary Expense Regulations* should be changed to specify conditions for assigning vehicles.	**Not implemented** (as at March 31, 2003). The Government has not changed these regulations.
1993 (3rd) 1994 (6th)	In its reports of 1993 and 1994, PAC recommends: **CR10.** The Government should adopt the accounting principles and reporting standards established by the Public Sector Accounting Board (PSAB) of The Canadian Institute of Chartered Accountants (CICA) and is encouraged to move toward the use of these principles for the preparation of financial plans and budgets.	**Partially implemented** (as at March 31, 2002). The Government follows PSAB recommendations in preparing the Summary Financial Statements that show the entire operations of the Government as required by PSAB. However, the Government does not currently prepare a financial plan that shows the entire operations of the Government as contemplated by PSAB. On March 28, 2003, the Government announced that it will provide a Summary Financial Plan as part of the 2004-05 Budget package.
1993	**CR12.** With regard to strengthening the ability of legislators to hold Crown corporations accountable: ♦ Decisions to create Crown corporations should be properly reported to and debated by the Assembly;	**Partially implemented** (as at March 31, 2003). Legislation now exists for all corporations governed by *The Crown Corporations Act, 1993*. The Act requires bodies incorporated by Crown corporations or designated subsidiary Crown corporations to table a report outlining the name and reasons for incorporation. Departments and Crown corporations not governed by *The Crown Corporations Act, 1993* have no such requirement.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
	♦ Crown corporations should have the same public reporting requirements as do government departments unless otherwise stated in the mandate of the corporation.	The Government expects Treasury Board Crowns to follow reporting requirements similar to government departments. Other Crown corporations do not follow the same public reporting requirements as government departments. The Standing Committee on Crown Corporations (Committee) asked CIC and the Provincial Auditor to prepare and submit a report on a proposed process. In February 2003, CIC and the Provincial Auditor submitted their reports to the Committee. In March 2003, the Committee asked the Information and Privacy Commissioner (Commissioner) for his advice and recommendations on this matter. The Commissioner provided his report to the Committee on March 31, 2003.
1994	**CR12.** Your Committee recommends that the interim report issued by the Government reflect the financial results of the Government as a whole, show the financial results to the interim date compared to what was planned and show the forecast to the end of the year.	**Not implemented** (as at March 31, 2003). The *Province of Saskatchewan: 2001-2002 Mid-Year Financial Report* does not reflect the financial results of the Government as a whole or show the financial results to the interim date compared to what was planned. Rather it focuses on the financial activity of the General Revenue Fund. There has been no progress in the past year.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
1994	**CR15.** Your Committee recommends that the Government give consideration to the advisability of introducing legisiation to limit the amount of public money that can be committed by the Government to a new project or program without the specific prior approval of the Legislative Assembly.	**Not implemented** (as at March 31, 2003). The Government has not presented a study to the Committee for consideration. In its August 1994 response to the PAC's Sixth Report, the Government said it thinks *The Crown Corporations Act, 1993* (the Act), addressed this issue for Part II Crown corporations. It said "Beyond the provisions made through the Act, the Government is not currently in a position to proceed with implementation of this recommendation. However, the Government believes the issue is worthy of study." In its 1995 review of the Government's response, PAC encouraged the Government "to do a study". There has been no progress in the past year.
1994	**CR19.** Your Committee recommends that the Government provide mandate statements to the Legislative Assembly for each government organization and that those statements be referred to a standing committee for regular review.	**Partially implemented** (as at March 31, 2003). Agencies that table their annual reports in the Assembly do provide mandate statements setting out their purpose and accountabilities. Those corporations that do not table annual reports in the Assembly do not provide this information. In addition, most annual reports tabled in the Assembly are not referred to a standing committee for review. There has been no progress in the past year.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
1994	**CR30.** Your Committee recommends that policies established to deal with Committee recommendations should be documented in the Treasury Board Accounting and Reporting Manual or in a comprehensive manual with similar authority.	**Not implemented** (as at March 31, 2003). In its August 1994 response to the PAC's Sixth Report, the Government stated the Treasury Board Accounting and Reporting Manual includes "policy-related recommendations as they apply to departments and certain Crown corporations, agencies and boards. This covers a majority of recommendations. Currently, a manual is not maintained to document any other types of recommendations". There has been no progress in the past year.
1997	**CR31.** Executive Council provides clarification as to the legislative powers of Crown corporation subsidiary companies, with respect to the selling of real property with a sale price exceeding $150,000.	**Not implemented** (as at March 31, 2003). There has been no progress in the past year.
Cross-Government (Understanding the Finances of the Government)		
1993 (3rd) 1994 (6th) 1995 (7th) 1996 (1st) 1997 (2nd)	In its reports of 1993, 1994, 1995 and 1996, PAC recommends: **CR3.** The Government should study the implications and issues related to the preparation of a multi-year financial plan for the Government as a whole. **CR4.** As to the matter of annual financial plans showing proposed revenue-raising programs and spending programs of all government organizations, and the matter of a multi-year plan for all government organizations, this Committee recommends that the Office of the Provincial Auditor, the Crown Investments Corporation and the Department of Finance undertake discussions on this issue, and return to this Committee with a joint report. During these discussions, the Committee asks that the advice of the Institute of Chartered Accountants of Saskatchewan and the Provincial Audit Committee be sought.	**Study deferred by PAC**. (as at March 31, 2003). The Government has not presented a study to the Committee for consideration. In its October 1995 response to PAC's Seventh Report, the Government stated this recommendation contains a number of issues that significantly impact government processes, including governance, and financial planning and reporting. The Government is in the process of studying these issues and assessing the implications. Until the Government has fully analyzed the concerns, the basis for its current budget and its operating processes will be maintained. PAC, in its April 1997 Second Report of the 23rd Legislature, stated it "is satisfied with the Government's explanation that it currently prepares a comprehensive financial plan, and that multi-year budgeting on a government-wide basis would significantly impact a number of government processes, including governance, financial planning and reporting. Consequently the Committee decided that it is premature for the Government to consider moving towards multi-year, government-wide planning

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
		information until such time as there have been standards and consistency developed for reporting this information". In its Third Report of the 23rd Legislature, tabled in April 1999, PAC reaffirmed its position that "it is premature for the Government to consider moving towards multi-year, government-wide planning information until such time as there have been standards and consistency developed for reporting this information". In our 1998 Fall Report – Volume 1, we recommend Cabinet improve its published overall plan by showing clearly the broad direction of the entire Government from both a financial and operational perspective. In our 1998 Fall Report – Volume 2, we note the Minister of Finance announced a review of the Government budget process. We suggest as part of this initiative, the Government should provide Legislators with a complete financial plan for the entire Government that sets out all planned revenues and expenses expected for each of the next two or three years. In its Third Report of the 23rd Legislature, tabled in April 1999, PAC noted the above initiative and "agreed to await the conclusion of this examination by the Minister before further addressing the issue". In October 2002, the Legislative Assembly passed a motion urging the Department of Finance officials to consult with the Provincial Auditor to move towards the presentation of budgets on a summary financial basis. On March 28, 2003, the Government announced that it will provide a Summary Financial Plan as part of the 2004-05 Budget package.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
1995	**CR2.** The Government should examine how to disclose more fully, in departmental and Treasury Board agency annual reports, information to describe its investment in infrastructure.	**Not implemented** (as at March 31, 2003). The Government has not provided a study to the Committee for consideration. In its October 1995 response to PAC's Seventh Report, the Government stated "more work is needed to determine what constitutes useful information respecting infrastructure investment". In the past year, the Government provided some information about its investment in infrastructure in the notes to the General Revenue Fund and the summary financial statements.
Cross-Government (Government's Summary Financial Statements)		
1995	**CR1.** The Government review whether forecasts of the cash required to meet existing pension liabilities should be provided to the Assembly and included in the Summary Financial Statements.	**Partially implemented** (as at March 31, 2002). The Department of Finance provided a report to PAC on March 13, 2001 showing how the Government plans to address its future cash requirements for pensions promised. The Government has provided future cash flow information in its unfunded defined benefit pension plans' financial statements or annual reports. However, it has not provided this information in the Summary Financial Statements. There has been no progress in the past year.
Cross-Government (The Financial Management Review Commission)		
1996	**CR5). a.** The Government provide the Legislative Assembly with a final, concluding report on the implementation of the Gass Commission [Financial Management Review Commission]. **b.** The report should detail which recommendations have been implemented, which have not been implemented and should be, and what plans are in place to do so; and which recommendations should not be implemented, and the reasons why not.	**Not implemented** (as at March 31, 2003). There has been no progress in the past year.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
	c. The Government should release background papers, studies and all other material that can be appropriately released along with this report.	
Cross-Government (Information Technology Security)		
1996	**CR7.** The Government address the concerns raised in Chapter 4 of the Spring 1996 Report, being recommendations regarding the need for: security policies and procedures found at paragraphs 4.31; 4.32; 4.33; better accountability for security found at paragraphs 4.42; 4.43; 4.44; staff security awareness found at paragraphs 4.51; 4.52; 4.53; an IT security assessment found at paragraph 4.61; strengthening controls to protect the confidentiality and integrity of data found at paragraphs 4.70; 4.71; 4.72; 4.73; and approved and tested contingency plans found at paragraphs 4.84; 4.85; and 4.86.	**Partially implemented** (as at August 31, 2002). Some agencies have made progress on this recommendation, but more work is required.
2002	PAC concurs: 18-5, that government agencies should continue to monitor their security policies and procedures to ensure that they meet the needs of the agency and meet or exceed minimum standards.	**Partially implemented** (as at August 31, 2002). Some agencies have made progress on this recommendation, but more work is required.
2002	PAC concurs: 18-9, that government agencies should ensure that they have written policies and procedures for revoking employee access to information when their employment ends.	**Partially implemented** (as at August 31, 2002). Some agencies have made progress on this recommendation, but more work is required.
2002	PAC concurs: 18-10, that government agencies should determine their physical security needs and assess the adequacy of their security measures.	**Partially implemented** (as at August 31, 2002). Some agencies have made progress on this recommendation, but more work is required.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2002	PAC concurs: 18-12, that government agencies should ensure their service contracts include requirements for security and confidentiality.	**Partially implemented** (as at August 31, 2002). Some agencies have made progress on this recommendation, but more work is required.
2002	PAC concurs: 18-17, that government agencies should specify which systems are critical to the mission of the agency.	**Partially implemented** (as at August 31, 2002). There has been some progress on this recommendation, but more is required.
Cross-Government (Pensions)		
1996	**CR9.** The Government should use consistent estimates for COLA (Cost of Living Adjustments) increases and inflation to calculate the pension liability for its defined benefit pension plans. On March 31, 2000, during review of Chapter 8 of our Spring 2000 Report, PAC considered and agreed that the Government should work towards using consistent estimates for inflation for all of its defined benefit plans.	**Partially implemented** (as at December 31, 2002). All plans consistent except for the SaskTel Pension Plan.
1999	PAC concurs: 10.29 Pension plans' statements of investment objectives should include a clear assessment of the risk level acceptable to plan members and the Government. Pension plans' investment objectives should be based on the risk level acceptable to plan members and the Government.	**Partially implemented** (as at December 31, 2002). Pension plans' statements of investment objectives continue to generally improve.
1999	PAC concurs: 10.63 The Government should continue to improve the content of its pension plans' annual reports.	**Partially implemented** (as at December 31, 2002). Pension plans continue to improve the content of their annual reports, but more work is needed. We plan to review the progress pension plans have made in improving their annual reports in 2003-2004.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
1999	PAC concurs: 10.67 The Government should study the legislation for its pension plans to decide what type of information should be provided in annual reports and whether it is appropriate for that information to be more consistent. If more consistency in the type of information is not considered appropriate, the Government should explain why.	**Not implemented** (as at December 31, 1999). We will review pension plans' annual reports in 2003-2004.
2002	PAC concurs: 8-1, that all pension plans should document their process for selecting investment managers.	**Partially implemented** (as at December 31, 2002) Only one pension plan has documented its process for selecting investment managers. Other plans have not yet documented their processes for selecting investment managers.
2002	PAC concurs: 8-7, that pension plans should verify investment managers' compliance reports.	**Partially implemented** (as at December 31, 2002). All pension plans either have processes in place or are in the process of putting processes in place.
2002	PAC concurs: 8-1, that the Pension Plans should establish rules and procedures to ensure all retired members receiving a pension, who have returned to work for the Government, are paid in accordance with the law, or alternatively, the Pension Plans should seek changes to the law.	**Partially implemented** (as at December 31, 2002). Teachers' Superannuation Commission amended its legislation. Other plans do not as yet have adequate rules and procedures to address this recommendation.
Cross-Government (Key processes to plan)		
2002	PAC concurs: 1A-1, that the Government and its agencies should consider the processes to plan outlined in this chapter when they develop or revise their long-term plans. Your committee notes that the Government has made progress towards complying with this recommendation.	**Partially implemented** (as at April 30, 2002). Several Government departments have implemented processes to plan that cover most recommended planning processes.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
Saskatchewan Property Management Corporation (Government e-mail system)		
2002	PAC concurs: 9-1, that the Saskatchewan Property Management Corporation should set specific performance measures for GEMS and report on whether it met those objectives; and further that SPMC should communicate the overall objectives and the performance measures to all GEMS users.	**Not implemented** (as at March 31, 2001). For recommendations related to GEMS, no work has been done by our Office over the past year. GEMS is proposed to undergo significant changes. The Government has also put in a new network. Our Office will follow up on this recommendation in 2004.
2002	PAC concurs: 9-3, that SPMC should develop and test a complete disaster recovery plan for GEMS. This would include a complete threat and risk assessment to ensure the measures taken to ensure the availability of GEMS are appropriate and cost effective.	**Partially implemented** (as at March 31, 2002). For recommendations related to GEMS, no work has been done by our Office over the past year. GEMS is proposed to undergo significant changes. The Government has put in a new network and SPMC has done work on its disaster recovery plan. Our Office will follow up on this recommendation in 2004. A specific follow-up date has not been set.
Information Technology Office		
2002	PAC concurs: 9-2, that the Government should establish minimum policies over its shared systems and ensure that adequate policies are developed and implemented, distributed and monitored for compliance.	**Partially implemented** (as at March 31, 2003). The Information Technology Office has created draft security policies and plans to have them implemented in 2003. Our Office will follow up on this recommendation in 2004.
Department of Health		
1996	PAC concurs: 9C.94 RHAs should submit their budgets to the Minister on time.	**Partially implemented** (as at March 31, 2002). Almost all Boards submit their budgets to the Minister on time.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
1996	PAC concurs: 9C.136 RHAs should work with the Department, other RHAs, and our Office to ensure RHAs are able to provide the Minister and the public the full range of required information.	**Partially implemented** (as at March 31, 2002). RHAs have started to give more information to the Minister and the public. However, the information provided does not meet the full range of requirements in *The Health Districts Act*.
1997	**CR36.** The Deputy Minister of Health should approve in writing the rules and procedures for internal financial reports.	**Not implemented** (as at March 31, 2002).
1997	PAC concurs: 8.112 In its annual report to the Legislative Assembly, the Department (of Health) should provide a summary of its financial and operational plan, performance targets, and actual results. This summary should include RHA plans, targets, and results.	**Partially implemented** (as at March 31, 2002). In our 2002 Fall Report – Volume 2, we note the Department improved the quality of its *2002 Annual Report*. Our review of its annual report showed it sets out its key risks and how risks are managed. It does not include performance targets for the Department. It does not show what the Department owns and controls.
1997	PAC concurs: 8.113 The Department (of Health) should also work towards providing the Assembly summary information on the costs of RHA services, the health status of residents, and the effectiveness of RHA programs.	**Partially implemented** (as at March 31, 2002). The Department's *2002 Annual Report* shows the costs of RHA services, but does not show the health status of residents or the effectiveness of RHA programs.
1999	PAC concurs: 23.16 Regional Health Authorities should set clear direction based on priority health needs in the context of other pressures on the RHA. The direction set should include goals, specific objectives and performance targets for short and long-term improvements in population health as well as health service needs.	**Partially implemented** (as at March 31, 2002). RHAs are working to set clear direction through goals, objectives, and measures. Few RHAs have set performance targets.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
1999	PAC concurs: 24.92 The directors [of Board of Governors, Uranium City Hospital], with the help of senior management, should define and document their periodic financial reporting requirements to ensure they receive suitable and timely reports for decision-making. 24.93 The [Board of Governors, Uranium City] Hospital should improve its internal financial reports to include: - a full set of financial statements including reports that show what the Board owns and what it owes, and its revenues and its expenditures; - a comparison of actual results for the period to budgeted results for the period using the accrual basis of accounting; - an explanation of major variances between year-to-date actual and year-to-date budget; - a projection of revenue and expenses to the end of the year based on current information; and actual amounts of the prior year for comparison purposes. 24.94 The [Board of Governors, Uranium City Hospital] Hospital should establish a process to ensure the accuracy and reliability of its accounting records.	**Partially implemented** (as at March 31, 2002).
2002	PAC concurs: 1C-1, that the Department of Health and health districts make public timely performance information on major capital construction projects including: the full cost of construction projects compared to the original planned cost; the nature of any significant changes to such projects; and the extent that the expected benefits are achieved (e.g. reduced service costs and improved service outcomes).	**Not implemented** (as at March 31, 2002).

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2002	PAC concurs: 1C-2, that the Department of Health; ensure its capital project agreements with RHAs describe the process of verifying expected performance; ensure it requests and receives adequate and timely performance information on capital construction projects; and ensure it determines whether such performance information is reliable.	**Not implemented** (as at March 31, 2002).
2002	**CR5.** The Standing Committee on Public Accounts recommends that the Department of Health continue to develop, as one component of resource allocation, processes that involve stakeholders and experts to identify and communicate priority health needs for the province, and health status objectives for the long term (e.g. 10 years or more) for the highest provincial health needs.	**Partially implemented** (as at March 31, 2002). The Department has started to determine priority health needs, but priorities vary from year to year.
2002	PAC concurs: 1E-2, that the Department of Health should monitor and report the impact of resource allocation on the achievement of provincial objectives for service delivery and for health status. Your committee reports that progress has been made towards complying with this recommendation.	**Partially implemented** (as at March 31, 2002). The Department has increased its capacity to monitor and report on the achievement of its objectives.
2002	PAC concurs: 11-6, that the Uranium City Hospital should establish adequate written rules and procedures to ensure goods and services purchased are authorized and appropriate; that they are received and used for the operation and management of the Hospital; and that the prices paid are fair and just. Your committee reports that progress has been made towards complying with this recommendation.	**Not implemented** (as at March 31, 2002).

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2002	PAC concurs: 2A-2, that the Department of Health should make a service agreement with the Canadian Blood Services to ensure it achieves the Department's objectives. Your committee reports that progress has been made towards complying with this recommendation.	**Not implemented** (as at March 31, 2002).
2002	PAC concurs: 2B-1, that the Department of Health should establish and communicate a plan to manage risks for capital construction projects and further, that the Department's plan to manage risks should clarify the accountability of the Department and RHAs to: identify, assess, and monitor risks; and act to reduce risks. Your committee reports that progress has been made towards complying with this recommendation.	**Not implemented** (as at March 31, 2002). We plan to follow up on this recommendation during 2003-2004.
2002	PAC concurs: 2D-1, that boards of Regional Health Authorities (RHAs) should improve the relevance of financial and program information they receive by requesting: 1). timely reports. Boards should request that they receive reports as soon as possible after the end of the reporting period, preferably within 30 days, and at least one week before meetings; 2). reports that describe progress towards goal and objectives. Boards should continue their efforts to define performance measures and should focus their efforts on defining a limited set of key measures that monitor progress toward the board's most critical objectives; and 3). reports that help them look ahead. Reports should include projections or forecasts (e.g., of results, service delivery volumes, staffing levels).	**Partially implemented** (as at March 31, 2002). Chapter 5 E of our 2002 Fall Report – Volume 2 describes improvements in Board information.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2002	PAC concurs: 2D-2, that boards of RHAs should improve the reliability of financial and program information they receive by ensuring: reports include information about the financial position and program effectiveness of significant affiliates; reports disclose significant assumptions used in preparing projections or forecasts; and RHAs standardize the way they collect and safeguard information.	**Partially implemented** (as at March 31, 2002). Chapter 5 E of our 2002 Fall Report – Volume 2 describes improvements in Board information.
2002	PAC concurs: 6A-2, that the Board of Governors of the Uranium City Hospital should prepare and approve adequate contracts for the Chief Executive Officer and Chief Financial Officer functions.	**Partially implemented** (as at March 31, 2002). The Board has a contract with the Chief Financial Officer.
2002	PAC concurs: 6A-3, that the Board of Governors of the Uranium City Hospital should strengthen its rules and procedures to safeguard and control its bank accounts. Your committee reports that the Board of Governors is making progress towards complying with this recommendation.	**Not implemented** (as at March 31, 2002).
2002	PAC concurs: 6A-5, that the Board of Governors of the Uranium City Hospital should obtain a ruling from Canada Customs and Revenue Agency for all its contract employees to determine whether an employer-employee relationship exists with its contract employees and then take deductions accordingly. Your committee reports that the Board of Governors is making progress towards complying with this recommendation.	**Not implemented** (as at March 31, 2002).

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2002	PAC concurs: 6A-6, that the Board of Governors of the Uranium City Hospital should give its financial statements to the Assembly by the date required by *The Tabling of Documents Act, 1999*. Your committee reports that the Board of Governors is making progress towards complying with this recommendation.	**Not implemented** (as at March 31, 2002).
2002	PAC concurs: 6D-1, that all RHAs should prepare capital equipment plans that contain the key elements for capital equipment plans in the public sector.	**Not implemented** (as at March 31, 2002). We plan to follow up on this recommendation during 2003-2004.
Department of Community Resources and Employment		
1997	PAC concurs: O.1 The Department (of Community Resources and Employment) should provide workers with complete written guidance to carry out, record, and revise case plans.	**Partially implemented** (as at March 31, 2002). The Department has considered and is continuing to consider our recommendations in its redesign and implementation of its social assistance programs.
1997	PAC concurs: O.2 The Department (of Community Resources and Employment) should establish clear criteria to identify clients most likely to benefit from case planning.	**Not implemented** (as at March 31, 2002). See O.1 above.
1997	PAC concurs: O.3 The Department (of Community Resources and Employment) should provide a system that helps workers consistently record current case planning information and progress toward client goals.	**Not implemented** (as at March 31, 2002). See O.1 above

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
1997	PAC concurs: O.4 When a system that captures the necessary information and consistently records case plans is in place, the Department (of Community Resources and Employment) should evaluate the effects of case planning.	**Not implemented** (as at March 31, 2002). See O.1 above
1999	PAC concurs: 22.48 In its annual report to the Legislative Assembly, the Department (of Community Resources and Employment) should describe how the Department manages the key issues it faces.	**Not implemented** (as at March 31, 2002).
1999	PAC concurs: 22.49 The annual report should provide a summary of the Department's (of Community Resources and Employment) financial and operational plans, performance targets, and actual results.	**Not implemented** (as at March 31, 2002).
1999	PAC concurs: 8-1 We recommend the Department (of Community Resources and Employment) should improve its records and document its procedures to ensure single parents receiving social assistance pursue child support.	**Not implemented** (as at March 31, 2002).
1999	PAC concurs: 8-3 We recommend that the Department (of Community Resources and Employment) should ensure that community based organizations (CBOs) submit financial reports to the Department and submit them on time as required.	**Partially implemented** (as at March 31, 2002). Several CBOs still do not submit financial reports to the Department on time as required.
2002	PAC concurs: 6-1, that the Department of Community Resources and Employment should issue timely internal audit reports.	**Not implemented** (as at March 31, 2002).

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2002	PAC concurs: 6-2, that the Department of Community Resources and Employment should conduct adequate annual reviews to verify that only eligible recipients receive assistance and that they receive the correct amount of assistance.	**Not implemented** (as at March 31, 2002).
2002	PAC concurs: 6-3, that the Department of Community Resources and Employment's internal audit function should review the payments made from the new Family and Youth Automated Payment System to ensure payments are made in accordance with the law and the Department's policies.	**Not implemented** (as at March 31, 2002).
Department of Culture, Youth and Recreation		
1997	PAC concurs: 20.63 Saskatchewan Archives Board should have written contracts with the U of S and SPMC.	**Partially implemented** (as at March 31, 2002). The Saskatchewan Archives Board has obtained an agreement with SPMC but not the U of S.
2002	PAC concurs: 9-4, that the Government should evaluate the requirements of *The Archives Act* and develop processes to help departments and agencies comply with the requirements of *The Archives Act* for e-mail.	**Not implemented** (as at March 31, 2001). Our Office will follow up on this recommendation in 2004.
Public Service Commission		
1999	PAC concurs: 15-1 We recommend the [Public Service Commission] PSC continue to improve its annual report.	**Partially implemented** (as at March 31, 2002). At this date, the PSC annual report highlights key activities but does not yet include outcomes. The Report includes vision, mission, goals, objectives and activities. The PSC continues to work towards the accountability framework guidelines and will be including corporate human resources performances measures in 2003-2004.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
Department of Learning		
1999	PAC concurs: 11.62 The [Regional] Colleges' internal reports should show the cost of services and activities, whether the services provided achieved the intended outcomes, and the degree of compliance with the law and other authorities.	**Partially implemented** (as at June 30, 2002). The Regional Colleges continue to make progress on improving performance measurement and reporting. Since June 30, 2001, the Colleges continued to work on identifying key performance measures and developing systems to track information on them in conjunction with the Department. A process has been implemented by Regional Colleges for reporting on performance measures. The Colleges have reworked their business plans to include performance measures.
1999	**CR59.** In consideration of the recommendation made at paragraphs 18.21, 18.22, 18.23 and 18.24, concerning the reporting responsibilities and expectations the Department of Learning has for school divisions under Section 282 of the *Education Act, 1995*, your Committee recommends the following to the Legislative Assembly: The Department of Learning should continue working with the locally elected school boards and other stakeholders to improve public accountability of school divisions with respect to the goals of education.	**Partially implemented** (as at March 31, 2002). The Department continues to work with school divisions to improve public accountability with respect to the goals of education recognizing the mandated role of the school divisions and their current public reporting. School divisions are participating in the development of a Learning sector plan.
1999	**CR60.** The Department should require school divisions to prepare their financial statements following the standards recommended by the [The Institute Chartered of Accountants] CICA.	**Partially implemented** (as at March 31, 2002). School divisions implemented their new accounting and reporting manual effective January 1, 2002. Implementation of this new manual moves school division financial reporting closer to recommended CICA standards. The Department continues to work with the Saskatchewan Association of School Business Officers to improve on the financial reporting standards and full compliance.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
1999	**CR61.** Your committee concurs with recommendation 3-3, and recommends to the Legislative Assembly the following: The Department of Learning should continue to improve the contents of its annual reports.	**Partially implemented** (as at March 31, 2002). Note: Department of Education was amalgamated with the previous Department of Post-Secondary Education and Skills Training effective April 1, 2002. The Department continues to work at strengthening its annual report. The 2001 Annual Report was redesigned to move toward improved consistency with the general principles of the accountability framework and planning guidelines. The Department expects future annual reports to show continued improvement.
1999	**CR68.** The Department of Learning should verify critical information on student loan applications.	**Partially implemented** (as at March 31, 2003). The Department needs to improve how it verifies certain critical information on student loan applications. No progress made during the last year. However, the Department is in the process of developing a new system that is intended to improve the verification of parental income and vehicles owned by students. This system is scheduled to be implemented in December, 2003.
1999	**CR70.** The Department of Post-Secondary Education and Skills Training bring its planning efforts that focus on individual components of the Post-Secondary sector together to form a plan for the entire sector, then report publicly against this sector-wide plan.	**Partially implemented** (as at March 31, 2003). The Department of Post-Secondary Education and Skills Training became part of the new Department of Learning on April 1, 2002. The new Department developed a departmental strategic plan for 2003-04 that used the Post-Secondary Education and Skills Training Sector Strategic Plan as one of its starting points. The Department of Learning is working with its learning sector partners to develop a strategic plan for 2004-05 to be reporting on publicly in 2005-06.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2002	PAC concurs: 2-1 that the Department of Learning should take a leadership and coordinating role to improve the monitoring of the movement of vulnerable children between schools and education systems.	**Partially implemented** (as at March 31, 2003). The Department has accepted related recommendations from the Saskatchewan Special Education Review Committee and the Task Force and Public Dialogue on the Role of Schools to implement a province-wide tracking system for students. The Department expects to continue to take a leadership and coordination role to improve the monitoring of the movement of vulnerable students between schools and education systems and to work in partnership with boards of education in the development of the provincial electronic information system that follows children and youth.
2002	PAC concurs: 4B-1 that the Department of Learning should improve how it documents its use of information about resources in its curriculum maintenance processes.	**Partially implemented** (as at March 31, 2003). One of Learning's three units for curriculum maintenance now records in its work plan major resource implications of changes to update the curriculum. The curriculum development units of the Department work through regional office personnel to determine available resources within school divisions for supporting particular curriculum renewal projects. Each project area documents analysis and use of information about resources. In addition, a curriculum renewal polices and procedures' manual is being drafted to support documentation and guide future curriculum renewal processes.
Department of Environment		
1999	PAC concurs: 14.21 The Department [of Environment & Resource Management] should define and document its operational and compliance reporting requirements.	**Not implemented** (as at March 31, 2002).

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
1999	PAC concurs: 14.22 The Department [of Environment & Resource Management] should follow its established rules and procedures for preparing all of its internal financial reports.	**Partially implemented** (as at March 31, 2002). In 1999-2000, the Department implemented a new financial management system to help prepare financial reports that are consistent with its established rules and procedures. The Department continues to prepare monthly financial reports that compare annual planned results with forecasted results and explain the differences. However, the Department still does not include a comparison of periodic planned results and actual results as outlined in its established rules and procedures.
1999	PAC concurs: 14.29 The Department [of Environment & Resource Management] should keep complete records of its capital assets. The Department [of Environment & Resource Management] should also: - periodically reconcile its capital assets records to its financial records; - determine if the risk of loss of its capital assets is at an acceptable level; and - include information about its capital assets in its annual report.	**Partially implemented** (as at March 31, 2002). The Department continues to reconcile capital asset additions in its capital asset records to its financial records. It also continues to perform periodic inspections of some capital assets to ensure they exist. As well, it continues to disclose information about capital asset purchases in its annual reports. However, during 2001-02, we found the Department still did not have a complete record of its capital assets. Also, it does not describe the capacity of its capital assets, the extent to which capital assets achieved planned results, and the strategies used to manage major risks of the key capital assets in its annual report.
2002	PAC concurs: 9-1 that the Department of Environment and Resource Management should continue to improve its annual report.	**Partially implemented** (as at March 31, 2002). The Department continues to improve its annual report.
2002	PAC concurs: 10-1 that the Operator Certification Board should establish adequate rules and procedures to ensure it records all the revenue it receives.	**Not implemented** (as at March 31, 2002). No progress in last year.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2002	PAC concurs: 10-2, that the Department of Environment and Resources Management should improve its rules and procedures for preparing and reporting on its prevention program.	**Not implemented** (as at March 31, 2001). We plan to follow up on this recommendation during our 2002-03 audit.
2002	PAC concurs: 10-3 that the Department of Environment and Resource Management should prepare a complete record of the values at risks in the forest and update that record regularly.	**Partially implemented** (as at March 31, 2001). As at March 31, 2002, the Department was in the process of preparing a complete record of the values at risk in the forest.
2002	PAC concurs: 10-4 that the Department of Environment and Resource Management should ensure it has suitable infrastructure for detection and suppression of forest fires.	**Partially implemented** (as at March 31, 2001). As at March 31, 2002, the Department was analyzing its infrastructure needs to replace its towers, as most were found to be unsafe in 2001.
2002	PAC concurs: 10-5 that the Department of Environment and Resource Management should establish written guidelines for: referring forest fires to investigators; investigators to follow in their investigation; and when and how much of the cost to fight fires staff should recover.	**Partially implemented** (as at March 31, 2001). As at March 31, 2002, the Department had begun documenting guidelines for investigating fires.
Department of Justice		
1999	PAC concurs: 21.28 The Department [of Justice] should base its contingency plan on an analysis of the risks and the importance of each program and service. 21.29 The Department [of Justice] should test and approve its contingency plan and then store it in a safe place.	**Not implemented** (as at March 31, 2002).

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
1999	**CR65.** That the Department of Justice should review its procedures for collecting fines and further, that procedures be developed to ensure that when repeat offenders appear in court, the sentencing Judge will be informed if previous fines are unpaid.	**Partially implemented** (as at March 31, 2002). The Department has reviewed its procedures and has decided it is not practical to ensure that when repeat offenders appear in court, the sentencing Judge will be informed if previous fines are unpaid.
2002	PAC concurs: 7-1, that the Department of Justice's annual report should describe: how the Department manages the key risks it faces; the Department's performance measures and targets and actual results compared to plans; and what the Department owns and controls. Your committee reports that progress has been made towards complying with this recommendation.	**Not implemented** (as at March 31, 2002).
2002	PAC concurs: 9-1, that the Department of Justice should: follow its established procedures for recording tickets distributed to law enforcement agencies; and strengthen its procedures to ensure that the Department of Justice records tickets issued by law enforcement agencies. Your committee reports that progress has been made towards complying with this recommendation.	**Not implemented** (as at March 31, 2002).
Department of Labour		
1999	PAC concurs: 14.1 We recommend that the Department of Labour should continue to improve its annual report.	**Partially implemented** (as at March 31, 2002). The Department's annual report for the year ended March 31, 2002 does not explain the extent to which the Department has achieved its goals. The Department made progress in the last year by including its performance plan in the annual report.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
Department of Government Relations and Aboriginal Affairs		
1999	**CR67.** In consideration of recommendation 10-2, concerning the inability of the Auditor's Office to discharge its duty with respect to the First Nations Fund, your committee noted that there had been no progress towards resolution of this issue since it was first raised in Chapter 9 of the Spring 1998 Report of the Provincial Auditors (see above). After careful consideration of the issues surrounding this dispute, your Committee came to the conclusion that legislative changes are necessary. Therefore, you Committee recommends the following to the Legislative Assembly: That the Public Accounts Committee recommend that Legislation be amended to clarify the responsibilities of the trustees of the First Nations Fund and to have the fund audited in accordance with the requirements of the Provincial Auditor.	**Not implemented** (as at March 31, 2002). Legislation has not been amended. However, since December 2000, we have been receiving full access to the Fund's accounts and the appointed auditor's files.
Liquor and Gaming Authority		
1999	PAC concurs: 9-2 We continue to recommend the [Liquor and Gaming] Authority should update its written contingency plan and test the plan.	**Partially implemented** (as at March 31, 2002). Since 1999-2000, the Liquor and Gaming Authority has made progress in updating its contingency plan but further updates are required and the Authority needs to test its plan. The Authority made no progress on this matter during 2001-02.
1999	PAC concurs: 9-3 We continue to recommend the [Liquor and Gaming] Authority should fully document its rules and procedures for its computer systems operations and ensure staff understand those rules and procedures.	**Partially implemented** (as at March 31, 2002). Since 1999-2000, Saskatchewan Liquor and Gaming Authority still has not fully documented its computer procedures and rules, and has not taken steps to ensure staff understand those rules and procedures. During 2002, the Authority drafted its rules and procedures and is working toward implementing them.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
Workers' Compensation Board		
1999	PAC concurs: 2.22 The [Workers' Compensation Board] WCB should continue to improve its published annual report by including: clear measurable objectives; a comparison of key performance indicators and targets to its actual results; and a discussion and analysis of its success to date in achieving its goals and objectives.	**Partially implemented** (as at December 31, 2002). WCB's 2001 annual report includes its balanced scorecard report and discussion of financial results compared to 2000 financial results.
Chief Electoral Office		
2002	PAC concurs: 16-1, that the Electoral Office should prepare and submit to the Speaker its annual report as required by *The Elections Act, 1996*	**Partially implemented** (as at March 31, 2002) The Electoral Office has submitted for tabling all required reports except for its annual report on operations.
Saskatchewan Crop Insurance Corporation		
2002	PAC concurs: 4-1, that Saskatchewan Crop Insurance Corporation's audit division should report directly to the Board or a committee of the Board on the adequacy of rules and procedures that management uses to adjust claims; that the Board should review and approve the audit division's work plan and resources; and further that the Board needs to receive regular reports on the examinations and investigations carried out by the audit division including the work done on the adequacy of the SCIC's rules and procedures to adjust claims.	**Partially implemented** (as at March 31, 2001). Reported our follow -up in the 2001 Fall Report, Volume 2. We plan to follow up management's progress during our 2002-03 audit.

PAC REPORT YEAR	OUTSTANDING RECOMMENDATION	STATUS
2002	PAC concurs: 4-2, that the Saskatchewan Crop Insurance Corporation's management needs to provide better information to the Board on operating divisions' plans and performance reports on how divisions are doing compared to what they planned.	**Partially implemented** (as at March 31, 2001). Reported our follow-up in the 2001 Fall Report, Volume 2. We plan to follow up management's progress during our 2002-03 audit.
2002	PAC concurs: 4-3, that the Saskatchewan Crop Insurance Corporation should improve the guidance it gives to the claim adjusters to enable them to identify suspicious claims; and further that the Saskatchewan Crop Insurance Corporation should also establish written rules and procedures for investigating suspicious claims.	**Partially implemented** (as at March 31, 2001). Reported our follow-up in the 2001 Fall Report, Volume 2. We plan to follow up management's progress during our 2002-03 audit.
2002	PAC concurs: 4-4, that the Saskatchewan Crop Insurance Corporation should ensure that adjusters leave clear evidence of work they have done to adjust or to verify claims.	**Partially implemented** (as at March 31, 2001). Reported our follow-up in the 2001 Fall Report, Volume 2. We plan to follow up management's progress during our 2002-03 audit.
2002	PAC concurs: 4-5, that the Saskatchewan Crop Insurance Corporation should ensure that auditors leave clear evidence of the work they have done to adjust or to verify claims.	**Partially implemented** (as at March 31, 2001). Reported our follow-up in the 2001 Fall Report, Volume 2. We plan to follow up management's progress during our 2002-03 audit.

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Appendix 1

NOTE:

All persons making use of this consolidation are reminded that it has no legislative sanction, that the amendments have been embodied only for convenience of reference and that the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. Please note, however, that in order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

The Provincial Auditor Act

SHORT TITLE AND INTERPRETATION

Short Title

1 This Act may be cited as *The Provincial Auditor Act*.

Interpretation

2 In this Act:

(a) "**acting provincial auditor**" means the acting provincial auditor appointed pursuant to section 5;

(a.1) "**appointed auditor**" means an auditor appointed pursuant to an Act or other authority by the Lieutenant Governor in Council or another body to examine the accounts of a Crown agency or Crown-controlled corporation or accounts otherwise related to public money;

(b) "**audit**" means an audit or examination of accounts of public money that may be made by the provincial auditor pursuant to this Act;

(c) "**Crown**" means Her Majesty the Queen in right of Saskatchewan;

(d) "**Crown agency**" means an association, board, commission, corporation, council, foundation, institution, organization or other body, whether incorporated or unincorporated, all the members of which or all of the board of management or board of directors of which:

(i) are appointed by an Act or by the Lieutenant Governor in Council; or

(ii) are, in the discharge of their duties, public officers or servants of the Crown;

and includes a corporation that has at least 90% of its issued and outstanding voting shares vested in the Crown;

(e) "**Crown-controlled corporation**" means a corporation that is not a Crown agency and that has less than 90% and more than 50% of its issued and outstanding voting shares vested in the Crown;

(f) "**fiscal year**" means the period commencing on April 1 in one year and ending on March 31 in the next year;

(g) "**provincial auditor**" means the Provincial Auditor for Saskatchewan appointed pursuant to section 3.1;

(g.1) "**public accounts committee**" means the Standing Committee of the Legislative Assembly on Public Accounts;

(h) "**public money**" means all revenues and public moneys from whatever source arising, whether the revenues and moneys:

(i) belong to the Government of Saskatchewan; or

(ii) are collected or held by officers of the departments of the Government of Saskatchewan or Crown agencies for, on account of or in trust for the Government of Canada or the government of any other province or for any other party or person;

and includes public property;

(i) "**public property**" means property held or administered by the Crown;

(j) "**Speaker**" means the member of the Legislative Assembly elected as Speaker in accordance with *The Legislative Assembly and Executive Council Act.*

1983, c.P-30.01, s.2; 1986-87-88, c.26, s.4; 2001, c.32, s.3.

APPOINTMENT AND OFFICE

Provincial Auditor for Saskatchewan

3(1) The office of Provincial Auditor for Saskatchewan is established.

(2) The provincial auditor is an officer of the Legislative Assembly.

2001, c.32, s.4.

Appointment of provincial auditor

3.1(1) On the unanimous recommendation of the public accounts committee, the Legislative Assembly shall, by resolution, appoint a provincial auditor.

(2) The provincial auditor holds office for a term of 10 years from the date of his or her appointment unless, before that term expires, he or she:

(a) resigns or is suspended or removed from office pursuant to section 3.2; or

(b) attains the normal date of retirement for employees of the public service of Saskatchewan.

(3) The provincial auditor may apply for a second or subsequent term.

2001, c.32, s.4.

Resignation, removal of provincial auditor

3.2(1) The provincial auditor may resign the office at any time by giving written notice:

(a) to the Speaker; or

(b) if there is no Speaker or if the Speaker is absent from Saskatchewan, to the President of the Executive Council.

(2) The Legislative Assembly may, by resolution, suspend or remove the provincial auditor from office for cause.

2001, c.32, s.4.

Salary of the provincial auditor

4(1) Subject to subsections (2) and (3), the provincial auditor is to be paid a salary equal to the average salary of all the deputy ministers and acting deputy ministers of the Government of Saskatchewan calculated as at April 1 in each year.

(2) Any benefits or payments that may be characterized as deferred income, retirement allowances, separation allowances, severance allowances or payments in lieu of notice are not to be included in calculating the average salary of all the deputy ministers and acting deputy ministers pursuant to subsection (1).

(3) Where, as a result of a calculation made pursuant to subsection (1), the salary of a provincial auditor would be less than that provincial auditor's previous salary, the provincial auditor is to be paid not less than his or her previous salary.

(4) The provincial auditor is entitled to receive any privileges of office and economic adjustments that are provided generally to deputy ministers.

(5) The salary of the provincial auditor shall be paid out of the general revenue fund.

2001, c.32, s.5.

Acting provincial auditor

5(1) The provincial auditor may appoint an employee of his office as acting provincial auditor.

(2) Where the position of provincial auditor is vacant and there is no acting provincial auditor, the Lieutenant Governor in Council may appoint a person as acting provincial auditor who is to hold office until an acting provincial auditor is appointed pursuant to subsection (1).

(3) Where the position of provincial auditor is vacant or the provincial auditor is absent or unable to perform his duties due to illness or other disability, the acting provincial auditor has all the powers and shall exercise all the duties of the provincial auditor.

1983, c.P-30.01, s.5.

Qualifications of provincial auditor, acting provincial auditor

6 No person is eligible to be appointed as provincial auditor or as acting provincial auditor unless he is a member in good standing of the Institute of Chartered Accountants of Saskatchewan.

1983, c.P-30.01, s.6.

Advisors, etc.

7 For the purposes of exercising any of the powers or carrying out any of the duties imposed upon him by this Act, the provincial auditor may engage the services of or retain any technical, professional or other advisers, specialists or consultants that he considers necessary.

1983, c.P-30.01, s.7; 2001, c.32, s.6.

Office of the provincial auditor

8(1) The provincial auditor may employ any persons that he considers necessary to assist him in carrying out his duties and fulfilling his responsibilities under this Act.

(2) Employees of the provincial auditor's office are employees of the Legislative Assembly and are not members of the public service of Saskatchewan.

(3) The employee benefits applicable to the public servants of Saskatchewan apply or continue to apply, as the case may be, to the provincial auditor and the employees of the provincial auditor's office.

(4) *The Public Service Superannuation Act*, *The Superannuation (Supplementary Provisions) Act* and *The Public Employees Pension Plan Act* apply to the provincial auditor and the employees of the provincial auditor's office, and all credits in any superannuation plan or fund established pursuant to those Acts for the provincial auditor and the employees of the provincial auditor's office and accumulated under those Acts, before the coming into force of this section, are preserved and continued in accordance with those Acts.

(5) The provincial auditor shall administer, manage and control the provincial auditor's office and the general business of the office and shall oversee and direct the staff of the office.

1983, c.P-30.01, s.8; 2001, c.32, s.7.

Confidentiality

9 The provincial auditor shall require every person employed in his or her office, and any person engaged or retained pursuant to section 7, who is to examine the accounts of a department of the Government of Saskatchewan, Crown agency or Crown-controlled corporation pursuant to this Act to comply with any security requirements applicable to, and to take any oath of secrecy required to be taken by, persons employed in that department, Crown agency or Crown-controlled corporation.

1983, c.P-30.01, s.9; 2001, c.32, s.8.

Delegation of authority

10 The provincial auditor may delegate to any member of the provincial auditor's office the authority to exercise any power or to perform any duty conferred on the provincial auditor pursuant to this Act, other than the duty to make:

(a) an annual report on operations pursuant to section 10.4;

(b) a business and financial plan pursuant to section 10.5;

(c) an annual report pursuant to section 12; or

(d) a special report to the Legislative Assembly.

2001, c.32, s.9.

Estimates

10.1(1) For each fiscal year, the provincial auditor shall present to the public accounts committee, in accordance with any instructions from the public accounts committee, estimates of the moneys that will be required to be provided by the Legislature for the expenses of the provincial auditor's office, including an amount for unforeseen expenses.

(2) On receipt of the estimates pursuant to subsection (1), the public accounts committee:

(a) shall review the estimates; and

(b) may make any alterations to the estimates that the public accounts committee considers appropriate.

(3) After reviewing and making any alterations to the estimates pursuant to subsection (2), the public accounts committee shall approve the estimates.

(4) After approving the estimates pursuant to subsection (3), the chairperson of the public accounts committee shall submit the estimates to the Speaker and to the Board of Internal Economy.

(5) The Speaker shall cause the estimates submitted pursuant to subsection (4) to be laid before the Legislative Assembly.

(6) Notwithstanding subsections (1) to (5), if a public accounts committee has not been appointed by a date to allow the Speaker to cause the estimates of the provincial auditor for a fiscal year to be laid before the Legislative Assembly pursuant to subsections (1) to (5), the Speaker shall cause the estimates of the provincial auditor for the previous fiscal year to be laid before the Legislative Assembly.

(7) The Legislative Assembly may refer the estimates laid before it pursuant to subsection (5) or (6) to a Standing Committee of the Legislative Assembly.

(8) Where the estimates are not referred to a Standing Committee of the Legislative Assembly, the estimates are to be considered in the Committee of Finance and defended by a member of the Executive Council who is designated by the President of the Executive Council.

(9) *The Tabling of Documents Act, 1991* does not apply to the estimates required to be prepared by the provincial auditor pursuant to this section.

2001, c.32, s.9.

Unprovided for or unforeseen expenses

10.2(1) For the purposes of this section, the Legislature is not in session where it:

(a) is prorogued; or

(b) is adjourned for an indefinite period or to a day more than seven days after the Lieutenant Governor in Council made the order directing the preparation of the special warrant pursuant to this section.

(2) If the Legislature is not in session, the provincial auditor may report to the public accounts committee that:

(a) a matter has arisen with respect to the administration of this Act respecting an expense required by the provincial auditor's office that was not foreseen or provided for, or was insufficiently provided for; and

(b) the provincial auditor is of the opinion that there is no appropriation for the expense or that the appropriation is exhausted or insufficient and that the expense is urgently and immediately required for the public good.

(3) On receipt of a report of the provincial auditor pursuant to subsection (2), the public accounts committee:

(a) shall review the report and make any alterations to the funding request in the report that the public accounts committee considers appropriate; and

(b) may recommend to the Minister of Finance that a special warrant be issued authorizing the expense in the amount the public accounts committee determines to be appropriate.

(4) On receipt of a recommendation of the public accounts committee pursuant to subsection (3), the Minister of Finance shall recommend to the Lieutenant Governor in Council that a special warrant be issued authorizing the expense in the amount recommended by the public accounts committee.

(5) On receipt of a recommendation of the Minister of Finance pursuant to subsection (4), the Lieutenant Governor in Council may order a special warrant to be prepared for the signature of the Lieutenant Governor authorizing the expense in the amount recommended by the public accounts committee.

(6) For the purposes of *The Financial Administration Act, 1993* and of this Act, a special warrant issued pursuant to subsections (1) to (5) is deemed to be a special warrant issued pursuant to section 14 of *The Financial Administration Act, 1993*, and that Act applies to a special warrant issued pursuant to those subsections as if it were issued pursuant to section 14 of that Act.

(7) Notwithstanding subsections (1) to (6), the provincial auditor may request that the Minister of Finance recommend that a special warrant be issued pursuant to section 14 of *The Financial Administration Act, 1993* if:

(a) a public accounts committee has not been appointed; and

(b) the provincial auditor reports that the conditions mentioned in clauses (2)(a) and (b) are met.

2001, c.32, s.9.

Expenses limited to appropriation

10.3(1) In this section, "**appropriation**" means:

(a) an appropriation for the expenses of the provincial auditor's office made by an *Appropriation Act*;

(b) an appropriation by special warrant issued pursuant to section 10.2; and

(c) any other amount that is permitted or directed to be paid out of the general revenue fund pursuant to this or any other Act for the expenses of the provincial auditor's office.

(2) The provincial auditor shall not incur expenses for a fiscal year in excess of the appropriation for that fiscal year.

(3) The Minister of Finance shall pay to the provincial auditor out of the general revenue fund the appropriation for a fiscal year in the amounts and at the times requested by the provincial auditor.

(4) Where the amounts paid to the provincial auditor pursuant to subsection (3) on account of an appropriation for a fiscal year exceed the expenses of the provincial auditor's office for that fiscal year, the provincial auditor shall repay the excess to the Minister of Finance as soon as is practicable after the end of the fiscal year, and the Minister of Finance shall deposit any amounts received pursuant to this subsection in the general revenue fund.

2001, c.32, s.9.

Annual report on operations

10.4(1) In each fiscal year, the provincial auditor shall prepare and submit to the Speaker an annual report on operations that is to consist of the following:

(a) a report on the operations of the provincial auditor's office for the preceding fiscal year;

(b) the audited financial statement for the provincial auditor's office showing the results of its operations for the preceding fiscal year.

(2) The provincial auditor shall submit the annual report on operations mentioned in subsection (1) within 120 days after the end of the fiscal year to which the annual report on operations relates.

2001, c.32, s.9.

Business and financial plan

10.5 Prior to the beginning of each fiscal year, by a date that may be required by the public accounts committee, the provincial auditor shall prepare and submit to the Speaker a business and financial plan for the provincial auditor's office showing its planned operations and its planned revenues and expenses for the fiscal year

2001, c.32, s.9.

DUTIES AND POWERS

Examination of accounts

11(1) The provincial auditor is the auditor of the accounts of the government of Saskatchewan and shall examine all accounts related to public money and any accounts not related to public money that he is required by an Act to examine, and shall determine whether, in his opinion:

(a) the accounts have been faithfully and properly kept;

(b) public money has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;

(c) public money expended has been applied to the purposes for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and

(d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money.

(2) An appointed auditor is subject to the examination responsibilities prescribed in clauses (1)(a) to (d).

(3) For the purposes of this section, where an auditor, including an appointed auditor, is required to examine accounts and render an opinion on those accounts, he shall do so in accordance with generally accepted auditing standards as prescribed from time to time by the Canadian Institute of Chartered Accountants.

1986-87-88, c.26, s.6.

Reliance on report of appointed auditor

11.1(1) In the fulfilment of his responsibilities as the auditor of the accounts of the Government of Saskatchewan, the provincial auditor may rely on the report of the appointed auditor of a Crown agency or Crown-controlled corporation if he is satisfied that the appointed auditor has carried out his responsibilities pursuant to section 11 with respect to that Crown agency or Crown-controlled corporation.

(2) The provincial auditor may only rely on the report of an appointed auditor of a Crown agency or the appointed auditor of a Crown-controlled corporation if the appointed auditor:

(a) is a member in good standing of a recognized accounting profession that is regulated by an Act; and

(b) is not employed by a department of the Government of Saskatchewan, a Crown agency, a Crown-controlled corporation or the provincial auditor's office.

(3) Where the provincial auditor determines pursuant to subsection (1) or (2) that he or she is unable to rely on the report of the appointed auditor with respect to a Crown agency or Crown-controlled corporation, the provincial auditor shall conduct additional audit work with respect to the accounts of that Crown agency or Crown-controlled corporation.

(4) Where the provincial auditor has conducted additional audit work on the accounts of a Crown agency or Crown-controlled corporation pursuant to subsection (3), the provincial auditor shall report in his or her annual report pursuant to this section:

(a) the reason that the provincial auditor was unable to rely on the report of the appointed auditor of the Crown agency or Crown-controlled corporation;

(b) the nature of the additional audit work the provincial auditor conducted; and

(c) the results of the additional audit work.

1986-87-88, c.26, s.6; 2001, c.32, s.10.

Annual Report

12(1) At the end of each fiscal year, the provincial auditor and every appointed auditor shall prepare a report on the results of all examinations that they have conducted of departments of the Government of Saskatchewan, Crown agencies and Crown-controlled corporations during that year giving details of any reservation of opinion made in an audit report, and shall identify any instances they consider to be of significance and of a nature that should be brought to the attention of the Legislative Assembly, including any cases in which they observe:

(a) any officer or employee of a department of the Government of Saskatchewan or Crown agency has wilfully or negligently omitted to collect or receive any public money belonging to the Crown;

(b) any public money was not duly accounted for and paid into the appropriate fund;

(c) any appropriation was exceeded or was applied to a purpose or in a manner not authorized by the Legislature;

(d) an expenditure was made for which there was no authority or which was not properly vouchered or certified;

(e) there has been a deficiency or loss to the Crown through the fraud, default or mistake of any person;

(f) a special warrant authorized the payment of public money; or

(g) essential records were not maintained or the rules and procedures applied were not sufficient:

(i) to safeguard and control public money;

(ii) to effectively check the assessment, collection and proper allocation of public money; or

(iii) to ensure that expenditures were made only as authorized.

(1.1) On completion of any examination of the accounts of a Crown agency or Crown-controlled corporation, an appointed auditor shall submit to the provincial auditor the report prepared pursuant to subsection (1) with respect to that Crown agency or Crown-controlled corporation.

(1.2) At the end of each fiscal year, the provincial auditor shall compile the reports submitted to him by appointed auditors pursuant to subsection (1.1) and shall submit them together with his report prepared pursuant to this section in the form of an annual report to the Legislative Assembly.

(2) In the annual return made pursuant to subsection (1), the provincial auditor may:

(a) report on the work of his office and on whether, in carrying on the work of his office, he received all the information, reports and explanations he required from departments of the Government of Saskatchewan, Crown agencies or Crown-controlled corporations or their auditors; and

(b) comment on the financial statements of any department of the Government of Saskatchewan, Crown agency or Crown-controlled corporation of which he is the auditor.

(3) Notwithstanding subsection (1), neither the provincial auditor nor any appointed auditor is required to report to the Legislative Assembly on any matter that he considers immaterial or insignificant.

1983, c.P-30.01, s.12; 1986-87-88, c.26, s.7.

Special report

13 The provincial auditor may prepare a special report to the Legislative Assembly on any matter that is, in his opinion, important or urgent.

1983, c.P-30.01, s.13.

Submission of provincial auditor's reports

14 Notwithstanding *The Tabling of Documents Act, 1991*, the provincial auditor shall submit to the Speaker, as soon as is practicable:

(a) the annual report prepared pursuant to section 12; and

(b) any special report that is prepared by the provincial auditor pursuant to section 13.

2001, c.32, s.11.

Tabling of reports

14.1(1) In this section, **"report"** means:

(a) an annual report on the operations of the provincial auditor's office that is submitted to the Speaker pursuant to section 10.4;

(b) a business and financial plan for the provincial auditor's office that is submitted to the Speaker pursuant to section 10.5;

(c) an annual report prepared pursuant to section 12 that is submitted to the Speaker pursuant to section 14;

(d) any special report that is prepared by the provincial auditor pursuant to section 13 that is submitted to the Speaker pursuant to section 14; or

(e) a report of the auditor of the accounts of the provincial auditor's office that is submitted to the Speaker pursuant to section 27.

(2) The Speaker shall lay before the Legislative Assembly each report received by the Speaker as soon as is practicable after it is received.

(3) If the Legislative Assembly is not in session when the Speaker receives a report, the Speaker shall submit the report to the Clerk of the Legislative Assembly.

(4) When the Clerk of the Legislative Assembly receives a report pursuant to subsection (3), the Clerk shall, as soon as possible:

(a) subject to subsection (5), cause a copy of the report to be delivered to each member of the Legislative Assembly; and

(b) make the report available for public inspection during normal business hours of the Clerk of the Legislative Assembly.

(5) The requirement in subsection (4) to deliver a copy of a report to the members of the Legislative Assembly does not apply in the period that:

(a) commences on the day a Legislative Assembly is dissolved; and

(b) ends on the day fixed for making the return to the writ for the general election held pursuant to *The Election Act, 1996* that follows the dissolution mentioned in clause (a).

(6) If a report is submitted to the Clerk of the Legislative Assembly in accordance with subsection (3), the report is deemed to have been laid before the Assembly.

(7) Where a report is laid before the Legislative Assembly pursuant to subsection (2) or is deemed to be laid before the Legislative Assembly pursuant to subsection (6), the report is deemed to be referred to the public accounts committee.

(8) Notwithstanding subsection (7), where a report or part of a report mentioned in subsection (7) deals with a matter that relates to the Crown Investments Corporation of Saskatchewan or a subsidiary Crown corporation within the meaning of *The Crown Corporations Act, 1993*, the report or part of the report is deemed to be referred to the Standing Committee of the Legislative Assembly on Crown Corporations.

2001, c.32, s.11.

Certification of Statements

15(1) The provincial auditor or the appointed auditor, as the case may be, shall express an opinion, in accordance with the outcome of his examinations, on the financial statements of:

(a) any funds that he is required to audit pursuant to subsection 11(1);

(b) Crown agencies;

(c) Crown-controlled corporations; and

(d) accounts not related to public money that are, by an Act, required to be examined by him.

(2) Notwithstanding any other provision of this Act, the provincial auditor is not required to audit or report on the financial statements of a Crown agency or Crown-controlled corporation for which there is an appointed auditor.

1983, c.P-30.01, s.15; 1986-87-88, c.26, s.9.

Special assignments

16(1) Where:

(a) the Legislative Assembly or the Standing Committee of the Legislative Assembly on Public Accounts:

(i) requests the provincial auditor to perform a special assignment; and

(ii) causes the provincial auditor to be provided with the funding that the provincial auditor considers necessary to undertake the special assignment; and

(b) in the opinion of the provincial auditor, the special assignment will not unduly interfere with his other duties prescribed in this Act;

the provincial auditor shall perform the special assignment.

(2) Notwithstanding *The Tabling of Documents Act*:

(a) the provincial auditor shall submit to the Speaker, as soon as is practicable, the report of any special assignment prepared pursuant to subsection (1) on the request of the Legislative Assembly; and

(b) the Speaker shall, as soon as is practicable, lay before the Legislative Assembly each report received by him pursuant to clause (a).

(3) The provincial auditor shall submit to the Clerk of the Assembly a special report prepared pursuant to subsection (1) on the request of the Standing Committee of the Legislative Assembly on Public Accounts, and the clerk shall make the special report available to the members of that committee.

(4) Where:

(a) the Lieutenant Governor in Council:

(i) requests the provincial auditor to perform a special assignment; and

(ii) causes the provincial auditor to be provided with the funding that the provincial auditor considers necessary to undertake the special assignment; and

(b) in the opinion of the provincial auditor, the special assignment will not unduly interfere with his other duties prescribed in this Act;

the provincial auditor may perform the special assignment.

(5) The provincial auditor shall submit, as soon as is practicable, a special report prepared pursuant to subsection (4) to the Lieutenant Governor in Council.

1983, c.P-30.01, s.16.

Improper retention of public money

17 Whenever, in the opinion of the provincial auditor or another auditor who is appointed to undertake an audit of Crown agencies or Crown-controlled corporations, any public money or revenues or money collected or held by employees of Crown-controlled corporations have been improperly retained by any person, the provincial auditor or the other auditor, as the case may be, shall immediately report the circumstances of that case to the member of the Executive Council who is responsible for the department of the Government of Saskatchewan, Crown agency or Crown-controlled corporation and the Minister of Finance.

1983, c.P-30.01, s.17.

Cancelled securities

18 The provincial auditor shall:

(a) cause to be examined debentures and other securities of the Government of Saskatchewan that have been redeemed;

(b) assure himself or herself that the securities described in clause (a) have been properly cancelled;

(c) at any time and to any extent that the Minister of Finance may require, participate in the destruction of any redeemed or cancelled securities or unissued reserves of securities; and

(d) at any time that he or she is requested to do so by the Minister of Finance, participate in audit assignments in connection with the filing of a prospectus and registration material required for the issuance and sale of securities of the Government of Saskatchewan.

1983, c.P-30.01, s.18; 2001, c.32, s.12.

Attendance before Public Accounts Committee

19 On the request of the Standing Committee of the Legislative Assembly on Public Accounts, the provincial auditor and any member of his office shall attend meetings of that committee to assist that committee:

(a) in planning the agenda for its review of the public accounts, the annual report of the provincial auditor, a special report prepared pursuant to section 13 or a report prepared pursuant to subsection 16(1) on the request of the committee; and

(b) during its review of the the items described in clause (a).

1983, c.P-30.01, s.19.

AUDIT COMMITTEE

Audit committee

20(1) In this section and in sections 21 to 23, "**audit committee**" means the audit committee established pursuant to subsection (2).

(2) An audit committee is established.

(3) The audit committee is to consist of not more than five persons appointed by the Speaker on the unanimous recommendation of the public accounts committee.

(4) A recommendation of the public accounts committee pursuant to subsection (3) is to be made only after the public accounts committee has consulted with the Standing Committee of the Legislative Assembly on Crown Corporations.

(5) The following persons are not eligible to be a member of the audit committee:

(a) a Member of the Legislative Assembly;

(b) an appointed auditor;

(c) an employee of the Government of Saskatchewan, of a Crown agency, of a Crown-controlled corporation or of the provincial auditor's office.

(6) The Speaker shall designate as chairperson the member of the audit committee unanimously recommended by the public accounts committee.

(7) The audit committee may determine its rules of procedure.

(8) All expenses of the audit committee are to be paid out of the appropriation for the Legislative Assembly Office.

2001, c.32, s.13.

Functions of the audit committee

21(1) The public accounts committee may request the audit committee to assist it in undertaking the following:

(a) the recommending of a provincial auditor;

(b) the review of the estimates of the provincial auditor;

(c) the review of the annual report on operations of the provincial auditor;

(d) the review of any report of the provincial auditor prepared pursuant to section 12 or 13;

(e) any other matters that the public accounts committee may request.

(2) The provincial auditor, the Minister of Finance, the member of the Executive Council responsible for *The Crown Corporations Act, 1993* or the Standing Committee of the Legislative Assembly on Crown Corporations may request the audit committee to review any matter that, in the opinion of the provincial auditor, the Minister of Finance, the member of the Executive Council responsible for *The Crown Corporations Act, 1993* or the Standing Committee of the Legislative Assembly on Crown Corporations, as the case may be, should be considered by the audit committee.

2001, c.32, s.13.

Information to be provided to audit committee

22(1) The audit committee may request the provincial auditor and any officers or employees of the Government of Saskatchewan, a Crown agency or a Crown-controlled corporation to provide the audit committee with any information that the audit committee considers necessary to carry out its functions mentioned in section 21, and the provincial auditor and the officers or employees of the Government of Saskatchewan, the Crown agency or the Crown-controlled corporation may provide the information requested.

(2) The audit committee and each member of the audit committee:

(a) shall preserve secrecy with respect to all matters that come to their knowledge in the course of performing their functions pursuant to this Act; and

(b) shall not communicate those matters to any person, other than when required to do so in the performance of their functions pursuant to this Act.

2001, c.32, s.13.

Availability of reports

23(1) For the purpose of allowing the Minister of Finance to review and comment on the provincial auditor's annual report prepared pursuant to section 12, the provincial auditor shall submit the provincial auditor's annual report to the Minister of Finance at least 10 days before the provincial auditor causes the annual report to be printed for submission to the Speaker.

(2) The provincial auditor shall submit to the Minister of Finance any special report prepared pursuant to section 13 before the provincial auditor submits that special report to the Speaker.

2001, c.32, s.13.

GENERAL

Right to information, accommodation

24(1) The provincial auditor or the appointed auditor, as the case may be, is entitled:

(a) to free access, at all convenient times, to:

(i) all electronic data processing equipment and programs and documentation related to the electronic data processing equipment; and

(ii) all files, documents and other records relating to the accounts; of every department of the Government of Saskatchewan, Crown agency, Crown-controlled corporation or other person that he is required to examine or audit or, in the case of the provincial auditor, with respect to which he is examining pursuant to a special assignment; and

(b) to require and receive from employees of a department of the Government of Saskatchewan, Crown agency, Crown-controlled corporation or other person subject to examination or audit by him any information, reports and explanations that he considers necessary for the proper performance of his duties.

(2) The provincial auditor or an appointed auditor, as the case may be, may station in any department of the Government of Saskatchewan, Crown agency, Crown-controlled corporation or with any other person subject to examination or audit by him any employee of his office or advisor, specialist or consultant to enable him more effectively to carry out his duties, and the department, Crown agency, Crown-controlled corporation or other person subject to examination or audit shall provide the necessary office accommodation for the employee, advisor, specialist or consultant person so stationed.

1983, c.P-30.01, s.24; 1986-87-88, c.26, s.10.

Inquiries

25 The provincial auditor may examine any person on any matter relating to any account that is subject to an examination or audit by him, and, for the purposes of that examination, he may exercise all the powers of commissioners under *The Public Inquiries Act*.

1983, c.P-30.01, s.25.

Working papers

26 Neither the provincial auditor nor any appointed auditor is required to lay any audit working papers of his office before the Legislative Assembly or any committee of the Legislature.

1983, c.P-30.01, s.26; 1986-87-88, c.26, s.11.

Change in auditor

26.1 Where the auditor of a Crown agency or Crown-controlled corporation has been changed, the new auditor and the previous auditor shall deal with the transition in accordance with the rules of professional conduct as established from time to time by the Institute of Chartered Accountants of Saskatchewan.

1986-87-88, c.26, s.12.

Auditor of accounts of provincial auditor's office

27(1) On the recommendation of the public accounts committee, the Lieutenant Governor in Council shall appoint an accountant who meets the qualifications set out in subsection (2) to annually audit the accounts of the provincial auditor's office.

(2) For the purposes of subsection (1), the accountant appointed pursuant to this section:

(a) must be a member in good standing of a recognized accounting profession that is regulated by an Act; and

(b) must not be employed by a department of the Government of Saskatchewan, a Crown agency, a Crown-controlled corporation or the provincial auditor's office.

(3) The accountant appointed pursuant to subsection (1) has the same powers and shall perform the same duties in relation to an audit of the accounts of the provincial auditor's office that the provincial auditor has or performs in relation to an audit performed pursuant to this Act.

(4) The auditor of the accounts of the provincial auditor's office shall submit his or her report to the Speaker.

2001, c.32, s.14.

Fees

28(1) The provincial auditor may charge a reasonable fee for professional services provided by provincial auditor's office.

(2) All fees charged pursuant to subsection (1) and all other revenues received by the provincial auditor pursuant to this Act shall be deposited in the general revenue fund.

1983, c.P-30.01, s.28; 2001, c.32, s.15.

Limitation of liability

29 The provincial auditor, the employees in the provincial auditor's office and any adviser, specialist or consultant engaged or retained pursuant to section 7 are not liable in any action for any act done or not done or on any statement made by them in good faith in connection with any matter they are authorized or required to do under this Act.

1983, c.P-30.01, s.29; 2001, c.32, s.16.

Information confidential

30 The provincial auditor, any employee in the provincial auditor's office, an appointed auditor, any employee of an appointed auditor or any adviser, specialist or consultant engaged or retained pursuant to section 7:

(a) shall preserve secrecy with respect to all matters that come to his or her knowledge in the course of his or her employment or duties under this Act; and

(b) shall not communicate those matters to any person, other than when he or she is required to do so in connection with:

(i) the administration of this Act;

(ii) any proceedings under this Act; or

(iii) any proceedings in a court of law.

1983, c.P-30.01, s.30; 1986-87-88, c.26, s.13; 2001, c.32, s.17.

31 Repealed. 2001, c.32, s.18.

Transitional

32(1) The person appointed on the day before the coming into force of this section as provincial auditor pursuant to *The Department of Financial Act*, as that Act existed on the day before the coming into force of this Act, is deemed to be appointed as provincial auditor pursuant to this Act.

(2) On the day this section comes into force, the members of the public service who are employed in the office of the provincial auditor cease to be employed in the public service and each such person becomes an employee of the office of the provincial auditor at a salary of not less than that he was receiving on the day before the day this section comes into force.

1983, c.P-30.01, s.32.

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Appendix 2

List and status of agencies subject to an examination under *The Provincial Auditor Act*

Appendix 2 lists the departments, Crown agencies, Crown-controlled corporations, special purpose and trust funds, offices of the Legislative Assembly, and other agencies subject to an audit examination under *The Provincial Auditor Act* at December 31, 2002.

This Appendix includes the status of all of the audits at March 31, 2003. The Appendix also indicates whether we have significant issues to report and where these issues are reported.

Our goal is to report the results of our audits of agencies with March fiscal year-ends in the fall and agencies with December fiscal year-ends in the spring. We have not completed the audits at some agencies. In most cases, the audits have been delayed. However, in a few cases, we have not been given access to the necessary information to complete the audits. To ensure that we provide the Legislative Assembly and the public with timely reports, we do not delay our reports to accommodate delayed audits, but rather include their results in future reports.

Appendix 2

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
Government of Saskatchewan – Summary Financial Statements	March 31	Complete	Yes/2002 Fall V1
Departments and Secretariats:			
Department of Agriculture, Food and Rural Revitalization (formerly Department of Agriculture and Food)	March 31	Complete	Yes/2002 Fall V2
Department of Culture, Youth and Recreation	March 31	Complete	No
Department of Economic and Co-operative Development	March 31	Complete	No
Department of Education	March 31	Complete	Yes/2002 Fall V2
Department of Energy and Mines	March 31	Complete	Yes/2003 Rpt V1
Department of Environment (formerly Department of Environment and Resource Management)	March 31	Complete	Yes/2002 Fall V2
Department of Finance	March 31	Complete	Yes/2002 Fall V1, 2002 Fall V2, & 2003 Rpt V1
Department of Government Relations and Aboriginal Affairs (formerly Department of Intergovernmental and Aboriginal Affairs)	March 31	Complete	Yes/2002 Fall V2 & 2003 Rpt V1
Department of Health	March 31	Complete	Yes/2002 Fall V2 & 2003 Rpt V1
Department of Highways and Transportation	March 31	Complete	No
Department of Justice	March 31	Complete	Yes/2002 Fall V2
Department of Labour	March 31	Complete	Yes/2003 Rpt V1
Department of Municipal Affairs and Housing	March 31	Complete	Yes/2002 Fall V2
Department of Post-Secondary Education and Skills Training	March 31	Complete	Yes/2002 Fall V2
Department of Social Services	March 31	Complete	Yes/2002 Fall V2
Executive Council	March 31	Complete	No
Women's Secretariat	March 31	Complete	No
Crown agencies:			
101000606 Saskatchewan Ltd.	December 31	Note 2	No
101000607 Saskatchewan Ltd.	December 31	Note 2	No
101012875 Saskatchewan Ltd.	December 31, 2001	Complete	No
101012875 Saskatchewan Ltd.	December 31, 2002	Delayed	
101012876 Saskatchewan Ltd.	December 31, 2001	Complete	No
101012876 Saskatchewan Ltd.	December 31, 2002	Delayed	
101026817 Saskatchewan Ltd.	December 31	Delayed	
101027956 Saskatchewan Ltd.	December 31	Complete	Yes/2003 Rpt V1

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
3339807 Canada Ltd.	December 31	Note 2	No
3364381 Canada Ltd.	December 31	Note 2	No
610277 Saskatchewan Ltd.	December 31	Complete	Yes/2003 Rpt V1
620064 Saskatchewan Ltd.	December 31	Note 2	No
Agricultural Credit Corporation of Saskatchewan	March 31	Complete	Yes/2002 Fall V2
Agricultural Implements Board	March 31	Complete	No
Agri-Food Innovation Fund	March 31	Complete	Yes/2002 Fall V2
Assiniboine Valley District Health Board	March 31	Rotational	
Avonlea Holding, Inc.	December 31	Note 2	No
Battleford International, Inc.	December 31	Note 2	No
Battlefords District Health Board	March 31	Complete	Yes/2002 Fall V2
Bayhurst Gas Limited	December 31	Complete	Yes/2003 Rpt V1
Beef Development Board	March 31	Complete	No
Board of Governors, Uranium City Hospital	March 31	Complete	Yes/2003 Rpt V1
Board of Internal Economy	March 31	Complete	Yes/2002 Fall V2
Business Watch International Inc.	December 31	Complete	No
Canodev Research Inc.	July 31	Complete	No
Carlton Trail Regional College	June 30	Rotational	
Carlyle Holding, Inc.	December 31	Note 2	No
Central Plains District Health Board	March 31	Rotational	
Chicken Farmers of Saskatchewan	December 31	Note 1	
Chief Electoral Office	March 31	Complete	Yes/2002 Spring
Children's Advocate, Office of the	March 31	Complete	No
CIC Foods Inc.	December 31	Complete	No
CIC Industrial Interests Inc.	December 31	Complete	Yes/2003 Rpt V1
CIC OSB Products Inc.	December 31	Delayed	
CIC Pulp Ltd.	December 31	Complete	No
CIC Ventures Inc.	December 31	Delayed	
Coachman Insurance Company	December 31	Complete	Yes/2003 Rpt V1
Community Initiatives Fund	March 31	Complete	No
Conflict of Interest Commissioner, Office of the	March 31	Complete	No
Crown Investments Corporation of Saskatchewan	December 31	Complete	Yes/2003 Rpt V1
Cumberland Regional College	June 30	Rotational	
Cypress Hills Regional College	June 30	Rotational	
DirectWest Publishing Partnership	December 31	Complete	No
Dundurn Holding, Inc.	December 31	Note 2	No
East Central District Health Board	March 31	Complete	Yes/2002 Fall V2
Esterhazy Holding, Inc.	December 31	Note 2	No

Appendix 2

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
First Nations Fund	March 31	Complete	Yes/2002 Fall V2
Foam Lake Holding, Inc.	December 31	Note 2	No
Gabriel Springs District Health Board	March 31	Rotational	
Genex Swine Group Inc.	September 30	Complete	No
Government House Foundation	March 31	Complete	No
Greenhead District Health Board	March 31	Rotational	
Grenfell Holding, Inc.	December 31	Note 2	No
Health Services Utilization and Research Commission	March 31	Complete	No
Hollywood At Home Inc.	December 31	Note 2	No
Hospitality Network Canada Inc.	December 31	Note 2	No
Hospitality Network Canada Partnership	December 31	Complete	No
Information and Privacy Commissioner, Office of the	March 31	Complete	No
Information Services Corporation of Saskatchewan	December 31	Complete	Yes/2003 Rpt V1
Insurance Company of Prince Edward Island	December 31	Complete	Yes/2003 Rpt V1
Jan Lake Holding, Inc.	December 31	Note 2	No
Katepwa Lake Holding, Inc.	December 31	Note 2	No
Keewatin Yatthé District Health Board	March 31	Rotational	
Law Reform Commission of Saskatchewan	March 31	Complete	No
Liquor and Gaming Authority	March 31	Complete	Yes/2002 Fall V2
Liquor Board Superannuation Commission, The	December 31	Complete	Yes/2003 Rpt V1
Living Sky District Health Board	March 31	Rotational	
Lloydminster District Health Board	March 31	Rotational	
Mamawetan Churchill River District Health Board	March 31	Rotational	
Many Islands Pipe Lines (Canada) Limited	December 31	Complete	Yes/2003 Rpt V1
Melfort Holding, Inc.	December 31	Note 2	No
Métis Development Fund	December 31, 2001	Complete	Yes/2002 Fall V2
Métis Development Fund	December 31, 2002	Delayed	
Midwest District Health Board	March 31	Rotational	
Milk Control Board	December 31	Complete	No
MK Telecom Network Holdings Inc.	December 31	Note 2	No
MK Telecom Network Inc.	December 31	Note 2	No
Moose Jaw-Thunder Creek District Health Board	March 31	Complete	Yes/2002 Fall V2
Moose Mountain District Health Board	March 31	Rotational	
Municipal Employees' Pension Commission	December 31, 2001	Complete	Yes/2003 Rpt V1

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
Municipal Employees' Pension Commission	December 31, 2002	Delayed	
Municipal Financing Corporation of Saskatchewan	December 31	Complete	No
Municipal Potash Tax Sharing Administration Board	December 31	Complete	No
Navigata Communications Inc (formerly RSL COM Canada Inc.)	December 31	Note 2	No
Navigata Holding, Inc.	December 31	Complete	No
Nokomis Holding, Inc.	December 31	Complete	No
North Central District Health Board	March 31	Complete	Yes/2002 Fall V2
North Valley District Health Board	March 31	Rotational	
North West Regional College	June 30	Complete	Yes/2002 Fall V2
North-East District Health Board	March 31	Rotational	
Northlands College	June 30	Rotational	
Northpoint Energy Solutions Inc.	December 31	Complete	Yes/2003 Rpt V1
Northwest District Health Board	March 31	Rotational	
Ombudsman, Office of the	March 31	Complete	No
Operator Certification Board	March 31	Complete	Yes/2002 Fall V2
Outlook Holding, Inc.	December 31	Note 2	No
Parkland District Health Board	March 31	Rotational	
Parkland Regional College	June 30	Complete	Yes/2002 Fall V2
Pasquia District Health Board	March 31	Rotational	
Pipestone District Health Board	March 31	Rotational	
Pleasantdale Holding, Inc.	December 31	Note 2	No
Power Corporation Superannuation Board	December 31	Complete	Yes/2003 Rpt V1
Power Greenhouses Inc.	December 31	Complete	Yes/2003 Rpt V1
Prairie Agricultural Machinery Institute	March 31	Complete	Yes/2002 Fall V2
Prairie West District Health Board	March 31	Complete	Yes/2002 Fall V2
Prairie West Regional College	June 30	Rotational	
Prince Albert District Health Board	March 31	Complete	Yes/2002 Fall V2
Public Employees Pension Plan	March 31	Complete	Yes/2003 Rpt V1
Public Service Superannuation Board	March 31	Complete	Yes/2003 Rpt V1
Qu'Appelle Holding, Inc. (formerly The Ag Dealer Ltd.)	December 31	Complete	No
Regina District Health Board	March 31	Complete	Yes/2002 Fall V2
Retx, Inc. (formerly Retx.com, Inc.)	December 31	Complete	No
Rolling Hills District Health Board	March 31	Rotational	
Rosetown Holding, Inc.	December 31	Note 2	No
Sask Pork	July 31	Complete	No
Saskatchewan Alfalfa Seed Producers' Development Commission	July 31	Note 1	

Appendix 2

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
Saskatchewan Apprenticeship and Trade Certification Commission	June 30	Complete	No
Saskatchewan Archives Board, The	March 31	Complete	Yes/2002 Fall V2
Saskatchewan Arts Board, The	March 31	Complete	No
Saskatchewan Auto Fund	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Broiler Hatching Egg Producers' Marketing Board	December 31	Note 1	
Saskatchewan Cancer Foundation	March 31	Complete	No
Saskatchewan Canola Development Commission	July 31	Complete	No
Saskatchewan Centre of the Arts	March 31	Complete	No
Saskatchewan Communications Network Corporation	March 31	Complete	Yes/2002 Fall V2
Saskatchewan Crop Insurance Corporation	March 31	Complete	Yes/2002 Fall V2
Saskatchewan Development Fund Corporation	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Egg Producers	December 31	Note 1	
Saskatchewan First Call Corporation	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Flax Development Commission	July 31	Note 1	
Saskatchewan Gaming Corporation	March 31	Complete	No
Saskatchewan Government Growth Fund Ltd.	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Government Growth Fund II Ltd.	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Government Growth Fund III Ltd.	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Government Growth Fund IV Ltd.	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Government Growth Fund V (1997) Ltd.	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Government Growth Fund VI Ltd.	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Government Growth Fund VII Ltd.	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Government Growth Fund VIII Ltd.	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Government Growth Fund Management Corporation	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Government Insurance	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Government Insurance Superannuation Plan	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Grain Car Corporation	July 31	Complete	No
Saskatchewan Health Information Network	March 31	Complete	Yes/2002 Fall V2
Saskatchewan Heritage Foundation	March 31	Complete	No

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
Saskatchewan Housing Corporation	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Indian Gaming Authority Inc.	March 31	Complete	Yes/2002 Fall V2
Saskatchewan Institute of Applied Science and Technology	June 30	Complete	No
Saskatchewan Lotteries Trust Fund for Sports, Culture and Recreation	March 31	Complete	No
Saskatchewan Municipal Board	March 31	Complete	No
Saskatchewan Opportunities Corporation	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Pension Annuity Fund	March 31	Complete	No
Saskatchewan Pension Plan	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Power Corporation	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Property Management Corporation	March 31	Complete	Yes/2002 Fall V2
Saskatchewan Pulse Crop Development Board	August 31	Note 1	
Saskatchewan Research Council, The	March 31	Complete	No
Saskatchewan Sheep Development Board	September 30	Note 1	No
Saskatchewan Telecommunications	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Telecommunications Holding Corporation	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Telecommunications International, Inc.	December 31	Complete	No
Saskatchewan Telecommunications International (Tanzania) Limited	December 31	Note 2	No
Saskatchewan Trade and Export Partnership Inc.	March 31	Note 1	
Saskatchewan Transportation Company	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Turkey Producers' Marketing Board	December 31	Note 1	
Saskatchewan Valley Potato Corporation	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Water Corporation	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Wetland Conservation Corporation	March 31	Complete	No
Saskatoon District Health Board	March 31	Complete	Yes/2002 Fall V2
SaskEnergy Chilean Holdings I Ltd.	December 31	Complete	Yes/2003 Rpt V1
SaskEnergy Chilean Holdings II Ltd.	December 31	Complete	Yes/2003 Rpt V1
SaskEnergy Chilean Holdings Limitada	December 31	Complete	Yes/2003 Rpt V1
SaskEnergy Incorporated	December 31	Complete	Yes/2003 Rpt V1
SaskEnergy International Incorporated	December 31	Complete	Yes/2003 Rpt V1
SaskEnergy Mexican Holdings Ltd.	December 31	Complete	Yes/2003 Rpt V1
SaskEnergy Nova Scotia Holdings Ltd. (aka 6019021 Canada Inc.)	December 31	Complete	Yes/2003 Rpt V1
SaskPen Properties Ltd.	December 31	Denied Access	

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
SaskPower International Inc.	December 31	Complete	Yes/2003 Rpt V1
SaskTel Data Exchange Inc.	December 31	Note 2	No
SaskTel Holding (Australia), Inc.	December 31	Note 2	No
SaskTel Holding (New Zealand) Inc.	December 31	Note 2	No
SaskTel Holding (U.K.) Inc.	December 31	Note 2	No
SaskTel International Consulting, Inc.	December 31	Note 2	No
SaskTel Investments Inc.	December 31	Note 2	No
SaskTel New Media Fund Inc.	December 31	Note 2	No
SecurTek Monitoring Solutions Inc.	December 31	Complete	No
SecurTek Partnership No. 3	December 31	Note 2	No
SecurTek Partnership No. 4	December 31	Note 2	No
SecurTek Partnership No. 5	December 31	Note 2	No
SecurTek Partnership No. 6	December 31	Note 2	No
SecurTek Partnership No. 7	December 31	Note 2	No
SGC Holdings Inc.	March 31	Complete	No
SGI CANADA Insurance Services Ltd.	December 31	Complete	Yes/2003 Rpt V1
Shellbrook Holding, Inc.	December 31	Note 2	No
South Central District Health Board	March 31	Complete	Yes/2002 Fall V2
South Country District Health Board	March 31	Rotational	
South East District Health Board	March 31	Rotational	
Southeast Regional College	June 30	Complete	Yes/2002 Fall V2
Southwest District Health Board	March 31	Rotational	
St. Louis Alcoholism Rehabilitation Centre Inc.	March 31	Complete	No
STI Communications Pty Limited	December 31	Note 2	No
Swan Valley Gas Corporation	December 31	Complete	Yes/2003 Rpt V1
Swift Current District Health Board	March 31	Complete	Yes/2002 Fall V2
Tappedinto.com, Inc.	December 31	Note 2	
Teachers' Superannuation Commission	June 30	Complete	Yes/2002 Fall V2 & 2003 Rpt V1
TecMark International Commercialization Inc.	March 31	Complete	No
Tisdale Holding, Inc.	December 31	Note 2	No
TLW Holdings Inc.	December 31	Note 2	No
Touchwood Qu'Appelle District Health Board	March 31	Rotational	
TransGas Limited	December 31	Complete	Yes/2003 Rpt V1
Twin Rivers District Health Board	March 31	Rotational	
Unity Holding, Inc.	December 31	Note 2	No
University of Regina Crown Foundation	April 30	Complete	No
University of Saskatchewan Crown Foundation	April 30	Complete	No
Water Appeal Board	March 31	Complete	No

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
Western Development Museum	March 31	Complete	No
Workers' Compensation Board	December 31	Complete	Yes/2003 Rpt V1
Workers' Compensation Board Superannuation Plan	December 31	Delayed	
Special purpose and trust funds:			
Agri-Food Equity Fund	March 31	Complete	No
Capital Pension Plan	December 31	Complete	Yes/2003 Rpt V1
Cattle Marketing Deductions Fund	March 31	Complete	No
Commercial Revolving Fund	March 31	Complete	Yes/2002 Fall V2
Correctional Facilities Industries Revolving Fund	March 31	Complete	No
Correspondence School Revolving Fund	March 31	Complete	Yes/2002 Fall V2
Crop Reinsurance Fund of Saskatchewan	March 31	Complete	No
Doukhobors of Canada C.C.U.B. Trust Fund	May 31	Complete	No
Extended Health Care Plan	December 31	Complete	No
Extended Health Care Plan for Certain Other Employees	December 31	Complete	No
Extended Health Care Plan for Certain Other Retired Employees	December 31	Complete	No
Extended Health Care Plan for Retired Employees	December 31	Complete	No
Fiscal Stabilization Fund	March 31	Complete	Yes/2002 Fall V2
Fish and Wildlife Development Fund	March 31	Complete	Yes/2002 Fall V2
Forest Fire Contingency Fund	March 31	Complete	Yes/2002 Fall V2
General Revenue Fund	March 31	Complete	Yes/2002 Fall V2
Highways Revolving Fund	March 31	Complete	No
Horned Cattle Fund	March 31	Complete	Yes/2002 Fall V2
Judges of the Provincial Court Superannuation Plan	March 31	Complete	Yes/2002 Fall V2 & 2003 Rpt V1
Learning Resources Distribution Centre Revolving Fund	March 31	Complete	Yes/2002 Fall V2
Legal Aid Endowment Fund Trust	December 31	Complete	No
Livestock Services Revolving Fund	March 31	Complete	No
Members of the Legislative Assembly Superannuation Plan	September 1	Complete	No
Navigata Pension Plan	December 31	Complete	No
Northern Revenue Sharing Trust Account	December 31	Delayed	
Office of the Rentalsman – Rentalsman's Trust Account	March 31	Complete	No
Oil and Gas Environmental Fund	March 31	Complete	No
Pastures Revolving Fund	March 31	Complete	No
Provincial Mediation Board Trust Account	March 31	Complete	No

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
Public Employees Benefits Agency Revolving Fund	March 31	Complete	No
Public Employees Deferred Salary Leave Fund	December 31	Complete	No
Public Employees Dental Fund	December 31	Complete	No
Public Employees Disability Income Fund	December 31	Complete	No
Public Employees Group Life Insurance Fund	December 31	Complete	No
Public Guardian and Trustee for Saskatchewan (formerly Public Trustee for Saskatchewan)	March 31	Complete	Yes/2002 Fall V2
Queen's Printer Revolving Fund	March 31	Complete	No
Resource Protection and Development Revolving Fund	March 31	Complete	Yes/2002 Fall V2
Sask 911 Account	March 31	Complete	No
Saskatchewan Agricultural Stabilization Fund	March 31	Complete	Yes/2002 Fall V2
Saskatchewan Development Fund	December 31	Complete	No
Saskatchewan Legal Aid Commission	March 31	Complete	No
Saskatchewan Legal Aid Commission Client Trust Accounts	March 31	Complete	No
Saskatchewan Research Council Employees' Pension Plan	December 31	Complete	Yes/2003 Rpt V1
Saskatchewan Snowmobile Fund	March 31	Complete	No
Saskatchewan Student Aid Fund	March 31	Complete	Yes/2002 Fall V2
Saskatchewan Telecommunications Pension Plan	December 31	Complete	Yes/2003 Rpt V1
SaskPower Millenium Trust Fund	December 31	Delayed	
SaskPower Supplementary Superannuation Plan	December 31	Complete	No
School Division Tax Loss Compensation Fund	March 31	Complete	No
Social Services Central Trust Account	March 31	Complete	No
Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission	December 31	Complete	Yes/2003 Rpt V1
Training Completions Fund	March 31	Complete	No
Transportation Partnerships Fund	March 31	Complete	No
Trust Accounts at Court House, Local Registrars and Sheriff's Offices	March 31	Complete	No
Victims' Fund	March 31	Complete	No
Other agencies subject to examination under *The Provincial Auditor Act*:			
Pension Plan for the Eligible Employees at the University of Saskatchewan, 1974	December 31	Delayed	No

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
University of Regina Academic and Administrative Employees Pension Plan	December 31	Delayed	No
University of Regina Master Trust	December 31	Delayed	No
University of Regina Non-Academic Pension Plan	December 31	Delayed	No
University of Regina Pension Plan for Eligible Part-Time Employees	December 31	Delayed	No
University of Regina, The	April 30	Delayed	No
University of Saskatchewan 1999 Academic Pension Plan	December 31	Delayed	No
University of Saskatchewan 2000 Academic Money Purchase Pension Plan	December 31	Delayed	No
University of Saskatchewan Academic Employees' Pension Plan	December 31	Delayed	No
University of Saskatchewan and Federated Colleges Non-Academic Pension Plan	December 31	Delayed	No
University of Saskatchewan Clinicians' Service-Side Pension Plan	December 31	Delayed	No
University of Saskatchewan, The	April 30	Delayed	No
Departments, Secretariats, Crown agencies, and Special purpose and trust funds created on or after April 1, 2002			
Cypress Hills Regional Health Authority	March 31, 2003	Note 3	
Department of Corrections and Public Safety	March 31, 2003	Note 3	
Department of Industry and Resources	March 31, 2003	Note 3	
Department of Learning	March 31, 2003	Note 3	
Education Infrastructure Financing Corporation	March 31, 2003	Note 3	
Five Hills Regional Health Authority	March 31, 2003	Note 3	
Health Quality Council	March 31, 2003	Note 3	
Heartland Regional Health Authority	March 31, 2003	Note 3	
Keewatin Yatthé Regional Health Authority	March 31, 2003	Note 3	
Kelsey Trail Regional Health Authority	March 31, 2003	Note 3	
Mamawetan Churchill River Regional Health Authority	March 31, 2003	Note 3	
Prairie North Regional Health Authority	March 31, 2003	Note 3	
Prince Albert Parkland Regional Health Authority	March 31, 2003	Note 3	
Regina Qu'Appelle Regional Health Authority	March 31, 2003	Note 3	Yes/2003 Rpt V1
SAHO Core Dental Plan	December 31, 2003	Note 3	
SAHO Disability Income Plans	December 31, 2003	Note 3	

Appendix 2

Agency	Year end on or before December 31, 2002	Status at March 31, 2003[1]	Significant issues reported[2]
SAHO Enhanced Dental Plans	December 31, 2003	Note 3	
SAHO Extended Health Care Plans	December 31, 2003	Note 3	
SAHO Group Life Insurance Plan	December 31, 2003	Note 3	
Saskatchewan Association of Health Organizations	March 31, 2003	Note 3	
Saskatchewan Health Employees Pension Plan	December 31, 2003	Note 3	
Saskatchewan Health Research Foundation	March 31, 2003	Note 3	
Saskatchewan Watershed Authority	March 31, 2003	Note 3	
Saskatoon Regional Health Authority	March 31, 2003	Note 3	Yes/2003 Rpt V1
Sun Country Regional Health Authority	March 31, 2003	Note 3	
Sunrise Regional Health Authority	March 31, 2003	Note 3	

Note 1: We audit these agencies in a different way.

In 1999, the Department of Agriculture, Food and Rural Revitalization (formerly Department of Agriculture and Food) and our Office agreed that the most efficient way for our Office to examine these smaller agricultural marketing and development agencies would be to work through the Agricultural and Food Products Development and Marketing Council. As part of our audit of the Department, we examine the supervisory work carried out by the Council regarding the financial statements of these agencies and the rules and procedures to safeguard and control their assets and to comply with legislative authorities.

Note 2: These entities are wholly or partially-owned subsidiaries of Saskatchewan Telecommunications Holding Corporation (Corporation). They are included in the consolidated financial statements of the Corporation. For the year ending December 31, 2002, these entities did not carry out active operations.

Note 3: These agencies were created or became a crown agency after March 31, 2002. For these agencies, March 31, 2003 or December 31, 2003 is their first year end. The status of the audits of these agencies will be provided in future reports.

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1. "Complete" – the audit was complete at December 31, 2002;
"Delayed" – the audit was delayed;
"Rotational" – for a few sectors (i.e., regional colleges), we carry out the audits of the most significant entities and use a rotational approach for the remainder. We list entities in rotation whose audits were complete at December 31, 2002 as "Complete". We list the other entities as "Rotational".
"Denied Access" – in a few cases, we have not been given access to the necessary information to complete the audits.

2. "No" - no significant issues were reported;
"Yes/2002 Spring" – significant issues were reported in our 2002 Spring Report;
"Yes/2002 Fall V1" – significant issues were reported in our 2002 Fall Report – Volume 1;
"Yes/2002 Fall V2" – significant issues were reported in our 2002 Fall Report – Volume 2; and
"Yes/2003 Rpt V1" – significant issues are reported in our 2003 Report – Volume 1.

Appendix 3

Examples of opinions we form on departments, Crown agencies, and Crown-controlled corporations

Our mission states: "We serve the people of Saskatchewan through the Legislative Assembly by fostering excellence in public sector management and accountability". We do this by examining and reporting on:

- the reliability of financial information;
- compliance with authorities;
- the adequacy of management systems and practices related to financial reporting, compliance with authorities, and safeguarding assets; and
- the adequacy of management systems and practices related to due regard to economy, efficiency, and effectiveness.

Our examinations and reports focus on the Government as a whole, sectors or programs of government, and individual government organizations. This Appendix contains examples of the audit opinions we form to provide our assurances on financial statements, compliance with authorities, and management practices in this Report. We use the auditing standards recommended by The Canadian Institute of Chartered Accountants to form our opinions.

1. **Following is an example of the opinion we form on the adequacy of the control systems used by an agency to safeguard and control public money.**

> I have examined the system of internal control of [Crown Agency X] in effect as at [date]. I did not examine certain aspects of internal control concerning the effectiveness, economy, and efficiency of certain management decision-making processes. The criteria for the examination of this system of internal control consisted of the control environment and control systems described in The Canadian Institute of Chartered Accountants Handbook.
>
> My examination was conducted in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an examination to obtain reasonable assurance whether the system of internal control established and maintained by management is

sufficient to meet the control objectives referred to below. Such an examination includes obtaining an understanding of the system of internal control and performing tests of controls to determine whether the internal controls exist and operate effectively.

The management of [Crown Agency X] is responsible for establishing and maintaining a system of internal control to achieve the control objectives noted in (a) to (d) below. In fulfilling this responsibility, estimates and judgement by management are required to assess the expected benefits and related costs of control procedures. Pursuant to my responsibilities under Section 11(1) of The Provincial Auditor Act, I am required to determine that there is a system of internal control in effect which provides management with reasonable, but not absolute, assurance that:

a) the accounts are faithfully and properly kept to permit the preparation of financial statements in accordance with the appropriate basis of accounting;

b) all public money is fully accounted for and properly disposed of and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;

c) transactions are executed in accordance with management's authorization, public money expended is applied to the purpose for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and

d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money against loss from unauthorized use or disposition.

Because of the inherent limitations in any system of internal control, errors or fraud may occur and not be detected. Also, projection of any evaluation of the system of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

In my opinion, based upon the above criteria, the system of internal control of [Crown Agency X] in effect as at [date], taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or fraud in amounts that would be material in relation to [Crown Agency X].

Or if the examination disclosed conditions that, individually or in combination result in one or more material weaknesses, the opinion paragraph should be modified as follows:

My examination disclosed the following conditions in the system of internal control of [Crown Agency X] as at [date] which in my opinion, based upon the above criteria, resulted in more than a relatively low risk that errors or fraud in amounts that would be material in relation to [Crown Agency X] may occur and not be detected within a timely period.

The report should go on to describe all material weaknesses, state whether they resulted from the absence of control procedures or the degree of compliance with them, and describe the general nature of the potential errors or fraud that may occur as a result of the weaknesses.

City Date Chartered Accountant

2. Following is an example of the opinion we form on an agency's compliance with the law regarding its spending, revenue raising, borrowing and investing activities.

I have made an examination to determine whether [Crown Agency X] complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding assets, spending, revenue raising, borrowing and investing activities during the year ended [date]:

(List legislative and related authorities covered by this report. This list must include all governing authorities.)

My examination was made in accordance with Canadian generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, [Crown Agency X] has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended [date].

(The report should provide adequate explanation with respect to any reservation contained in the opinion together with, if relevant and practicable, the monetary effect.)

City Date Chartered Accountant

3. **Following is an example of the opinion we form on the financial statements prepared by management of an agency.**

I have audited the balance sheet of [Crown Agency X] as at [date] and the statements of income, retained earnings and changes in financial position for the year then ended. The [Crown Agency X]'s management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the [Crown Agency X] as at [date] and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

City Date Chartered Accountant